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Official Report of Debates (Hansard)

Wednesday 4 November 2015

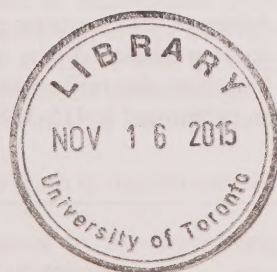
Journal des débats (Hansard)

Mercredi 4 novembre 2015

Standing Committee on Public Accounts

Committee business

2014 Annual Report,
Auditor General



Comité permanent des comptes publics

Travaux du comité

Rapport annuel 2014,
vérificatrice générale

Chair: Ernie Hardeman
Clerk: Valerie Quioc Lim

Président : Ernie Hardeman
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 4 November 2015

Mercredi 4 novembre 2015

The committee met at 0901 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Ernie Hardeman): I call the meeting of the Standing Committee on Public Accounts to order. I thank you all for being here.

Our first item this morning is a motion filed by Lisa MacLeod requesting that the Auditor General review the monies paid to bargaining units in the negotiations that fall under the Ministry of Education's mandate.

I know the motion was filed at our last meeting. My understanding is that the mover of the motion is proposing to read into the record a slightly amended motion but dealing primarily with exactly the same issues. Ms. MacLeod, would you like to read your motion into the record?

Ms. Lisa MacLeod: Yes. Thank you, Chair. After speaking to a number of individuals, the motion that I put forward last week, which was a draft, has been slightly amended. This is the first formal tabling. This is the motion, and it will be circulated by Valerie:

That the Standing Committee on Public Accounts request that the Auditor General review the monies paid to bargaining units in the 2008—

Sorry; I picked up the wrong motion. May I start over, Chair?

The Chair (Mr. Ernie Hardeman): Start over.

Ms. Lisa MacLeod: Motion by MPP MacLeod to the Standing Committee on Public Accounts:

That the Standing Committee on Public Accounts request that the Auditor General review the monies paid to bargaining units since 2008 related to negotiations with bargaining representing school board employees that fall under the Ministry of Education's mandate, with specific analysis of the \$2.5 million the government spent this year.

This report should include, but not be limited to, a focus on the following issues:

(1) Where did the money come from in the ministry or government's budget?

(2) What are/were the payments to the bargaining units intended to fund?

(3) Is paying the bargaining units for negotiations a practice used in other jurisdictions?

Finally, this report should be completed and reported to the House by spring of 2016.

I have asked the Clerk to circulate that motion. I am wondering, Chair, if you are inclined to hear my point of view or if you would like to open it to the floor?

The Chair (Mr. Ernie Hardeman): As soon as this has been circulated, we will turn the floor back to you to speak to the motion as you see fit.

Ms. Lisa MacLeod: Okay. Thank you, Chair. This motion, obviously, came forward in light of the \$1 million in payments in the collective agreement that circulated just over a week ago and was leaked to the Globe and Mail. The \$1 million in payments at the time was believed to have been unreceipted. After numerous questions in the Legislature, it didn't unveil itself until later in the week that there would be receipts requested for that amount of money.

In addition to that, it was very clear, in both media coverage and election financing, that many of the unions that received this, at the time, unreceipted and undocumented payout from the government also contributed to an organization called the Working Families Coalition.

Chair, the Working Families Coalition was a public-sector-union-driven campaign against every single Progressive Conservative leader or leader of the official opposition, beginning with Mike Harris, then Ernie Eves, John Tory, Tim Hudak, and I suspect next will be Patrick Brown.

As a result of that, it was indicated in some media outlets that in the last election, the Working Families Coalition paid upwards of \$6.5 million in attack ads against the Progressive Conservative Party, of which I am a member. That was more than every single other political party spent on advertising.

You look then at these payouts, and many people across Ontario, particularly in the public, regular people—I heard it, in fact, when I was taking my daughter trick-or-treating on Halloween—were actually making a connection. Whether that's right or wrong, that's why I asked the auditor to look at this, and whether or not that payout was a quid pro quo. That's not for me to determine, but I believe that's something that should be explored here.

It goes back to a discussion the government has had for quite some time with respect to this so-called notion of net zero—that they're actually saving money and they're reapplying this money to contract negotiations.

We have a number of issues, I think, that we look at: Where is this money coming from? Is it, as most

Ontarians believe, money that's intended for kids in classrooms being diverted for political advertisement? What are the payments to the bargaining units intended to fund? Are they for ads, are they for training, are they actually for legitimate meeting spaces? Why isn't that money taken from union dues? Is paying the bargaining units for negotiations a practice used in other jurisdictions? I think that's a fair question as parliamentarians here discuss this motion before us.

I think that we need to have a timely report from the auditor. I want to make two points on this. First, I had indicated I would like to see this happen before December. I am very much aware we're now into November. I also understand that the auditor does put forward reports at the beginning of December, which will not only keep her office occupied, but of course will keep the assembly occupied during that particular time as well.

I also wanted to initiate this report because I think the auditor did a good job when we went through similar labour strife—maybe a bit more chaotic and a bit more complex—back in 2012-13. At the time, we empowered the auditor in that minority Parliament to look at those education contracts. It was revealed that \$468 million in additional monies were given as a result of that. The public would see this as a logical extension of not only her insights and our ability to get some accountability for public money, particularly money intended for kids in classrooms, but I think, given the public pressure that we have seen over the past week and a half across Ontario, this is a logical next step with this particular case.

The reason we would go back to 2008 is we want to see if this practice has been done, if there has been receipting, and compare this \$1 million that we are talking about with respect to OSSTF and then with the other bargaining units, and then go back to 2008 to see if that had been done, if it had been receipted and what the practice has been in the past.

I think when you are sitting as a member of the official opposition or any member of the public, you're looking at something—on the one hand, the Premier says it's business as usual, then two days later the Minister of Education indicates that it's not business as usual. They can say what they want, and we can believe or choose not to believe either of them. That said, I think the Auditor General is beyond reproach. Her team going in to look at this is not only a fair thing to ask in the assembly, but it's also a very reasonable request on behalf of the public.

There does seem to be a lot of support out there. I was encouraged that the President of the Treasury Board and Deputy Premier, Deb Matthews, had indicated support for this motion. Today I'm hopeful that the government will not weaken this motion. I saw one of their members huddling with the union leader just before we started this particular exercise this morning. I would hope that there is no public pressure on behalf of some of their electoral partners, that they would look at what's in the best interests of Ontario students, that they would look in the best interests of this assembly, that they would look in the best interests of public accountability.

0910

If I may say, the other issue I do have with respect to public accountability—I have been Treasury Board critic for quite some time. I was charged within my caucus, the Progressive Conservative caucus, to deal with Bill 8 and the accountability measures that were contained therein. I'm happy my colleague from Ottawa South is here; he put forward groundbreaking legislation that was adopted by his government with respect to MPPs' receipting and accounting. I think it is only fair that not only do I support that initiative for myself and for all of my colleagues in the Legislature, but I believe any public dollar that is being spent, to the tune of \$1 million or \$2.5 million or \$3.14 million or \$7.1 million or \$66 million—all of those numbers that we've heard this week—also should have the same level of public accountability and the same level of transparency. That's why I believe it's imperative that the Auditor General go in and monitor these payouts to ensure that they are receipted, that they are legitimate, that they are credible.

Hearing this morning the minister in the House say one thing, that she will support this legislation, and then hearing this morning that the government is going to water this down significantly, I would ask them to support this motion and to understand that the important issue here is the integrity of our education system. To defeat this motion, to vote against this motion or to water down this motion would be, I believe in my heart, an attack on the public accountability of the education system and an attack on the integrity of this Parliament, given the fact that the minister responsible for the Treasury Board and Deputy Premier herself indicated her government's support for this motion.

After a great deal of consultation and listening to what the public is expecting, I put forward this motion in good faith in order for us to proceed and have an audit report completed at some point before the spring of 2016 so we may gain clarity on not only what this practice is and if this process is used elsewhere, but, if it isn't, why we did it. If it is, how can we build better accountability mechanisms in, and can we provide moms and dads across Ontario with the sound knowledge and confidence that the dollars that they send to Queen's Park—and this is very important—that the money that mothers and fathers pay through their taxes, which comes to Queen's Park, is used for education and not for political advertising against the opposition? I think that speaks not only to the integrity of our education system and our taxation system, but it speaks to the very core of our democratic values that we hold here at provincial Parliament in Toronto, at Queen's Park.

With that, I'm happy to take any questions, but I believe that this motion, as it is, should be the one that passes here today. I would encourage my Liberal colleagues, the government, to pass the motion, as the Deputy Premier and Treasury Board president indicated. If you're not prepared to do this, then I think you have a lot of explaining to do not only to the media, but particularly

to mothers and fathers who have had unprecedented labour strife since 2012 in this province.

The Chair (Mr. Ernie Hardeman): Thank you. Mr. Fraser.

Mr. John Fraser: Well, I'm not sure who the member was huddling with this morning, but we are going to support the motion as is. However, it's just prudent for us—I'd like to hear the Auditor General's comments, and then we can dispense or hear comments from my other colleagues.

Ms. Lisa MacLeod: Dispense?

Mr. John Fraser: Well, just get it done. Not dispense but, you know—

The Chair (Mr. Ernie Hardeman): Further discussion before we go to the Auditor General? Mr. Potts.

Mr. Arthur Potts: I would hope that the member opposite would have read the book *Getting to Yes*. Sometimes, when you want to get to yes, you simply put the motion and we say, "Yes."

The Chair (Mr. Ernie Hardeman): Any further comments?

Auditor, could you speak to the issue as it relates to your workload?

Ms. Bonnie Lysyk: Yes. The spring of 2016 would be realistic. In terms of the three items, we will do our best to determine all three and provide an answer to all three questions, as best as we can. A lot of it will depend on documentation and access to information.

The Chair (Mr. Ernie Hardeman): Okay. Is everybody happy with that? According to my instructions, shall I then put the question?

Ms. Lisa MacLeod: Recorded vote, please.

The Chair (Mr. Ernie Hardeman): A recorded vote has been requested. We'll call the question.

Ayes

Ballard, Fraser, Gretzky, Hoggarth, MacLeod, Munro, Potts, Rinaldi.

The Chair (Mr. Ernie Hardeman): The motion is carried.

Thank you, all. That concludes the open session. We now move to closed session.

The committee continued in closed session at 0915 and resumed at 1230.

2014 ANNUAL REPORT, AUDITOR GENERAL

Consideration of chapter 2, public accounts of the province.

The Chair (Mr. Ernie Hardeman): The sound of the clock striking 12:30—that was not it; that was my gavel, but it has ticked by the 12:30 mark, so we want to reconvene the Standing Committee on Public Accounts for consideration of chapter 2 of the 2014 annual report of the Auditor General: public accounts of the province. We have here with us the Treasury Board Secretariat, the Ministry of Finance and the Ontario Financing Authority.

With that, we will have the meeting and have you make your presentation. Before each one speaks, if we could make sure that you introduce yourselves for Hansard, to make sure we get it right. I used to try and do that myself, but that didn't help Hansard get it right. Now we leave it this way, and I'm sure it will be pronounced just the way it was supposed to be.

Thank you very much for being here. I will turn the floor over to you.

Mr. Greg Orencsak: Great. Thank you, Mr. Chair, and thank you, committee members. My name is Greg Orencsak. I'm the Deputy Minister of the Treasury Board Secretariat, and on behalf of me and my colleagues from the Ministry of Finance and the Ontario Financing Authority, we are pleased to be here today to address the committee on chapter 2 of the Auditor General's 2014 annual report, which includes discussion of the province's debt and a number of accounting-related issues that we share as a priority and which are integral to transparency and accountability in public sector financial reporting.

We concur with the Auditor General's observation that standard-setters, governments and auditors must work together if we are to resolve financial reporting issues faced by governments and public sector entities. I am particularly pleased that we have had such a long and positive working relationship with the Auditor General's office, and that we agree on the importance of producing high-quality financial reports which serve the transparency and accountability needs of the public and the Legislature. We're also proud of the fact that we have received our 22nd clean audit opinion from the Auditor General on our most recent audit of the 2014-15 public accounts.

Throughout today's discussion, you may hear several references to public sector accounting standards and their relevance not only in preparing the province's consolidated financial statements, but in relation to the government's fiscal planning process and potential impacts on the government's fiscal policy decisions. In fact, since Public Sector Accounting Board standards were first adopted by Ontario in 1993, they have had a profound effect on how the government reports its financials to the public, and on fiscal policy decisions made by legislators.

I'd like to talk for a moment about government financial reporting, and on what the primary users of this information expect from their governments. I'm sure we all agree that the principles of transparency and accountability for governments reflect a fundamental element of a democratic society. They are the base upon which PSAB's public sector accounting standards are set.

As you know, governments have a very different public duty than private businesses. Clear, concise and understandable public reporting of financial information is crucial to governments, which are held accountable for good financial management of taxpayers' money.

In Ontario, public reporting of government's financial results is prescribed by the Fiscal Transparency and Accountability Act. With the passing of this act in 2004,

the Ontario government made a commitment to responsibility, flexibility, equity and transparency.

Based on this real-life experience, the province's view is that it is crucial that the basis of planning and reporting key financial results be consistent. The act enshrines what type of financial information, and at what time of the year it is to be released to the public.

Ontario also uses indicators of financial condition to assess the financial health of the province as part of the annual report included in the public accounts each year. PSAB's suggested approach is for governments to provide indicators that illustrate sustainability, flexibility and vulnerability. Flexibility refers to the options available to a government to achieve its fiscal plans. Vulnerability refers to the risk of fiscal impacts from decisions and events outside government's control.

Factors influencing vulnerability include heavy dependence on transfers from another level of government and high exposure to changes in foreign exchange rates. To give you an example, while taxation revenue has recovered over the past several years, in step with the improving economy, federal transfer revenue peaked as a share of total revenue for Ontario in 2010-11, reflecting federal stimulus spending to counter the recession.

Although Ontario relies mainly on its own sources of revenue, it remains vulnerable to federal decisions that could, in many instances, result in volatility and uncertainty in the amount of federal transfers that the province receives. Pages 18 through 22 of our 2013-14 annual report were dedicated to an in-depth discussion of these types of indicators, making up about 20% of the content of that report.

I'd also like to say a few words on PSAB's new financial instruments standard, which would, if implemented as is, include unrealized fair market value gains and losses on the government's financial statements. Not only do governments have concerns that such accounting would misrepresent the economic substance of the underlying transactions, but we are also concerned that users could not reasonably be expected to understand and interpret properly the impact of such short-term fluctuations in relation to government performance and compliance with balanced budget requirements.

While we are pleased that PSAB has again deferred the implementation date for its new standard to allow it to continue with its assessment regarding senior government concerns, there remains uncertainty regarding the standard-setter's future direction.

We remain concerned with the ability of the general public to grasp this complex financial information related to reporting of paper gains and losses, which would reduce the usefulness and understandability of the government's financial statements for accountability reporting purposes. In short, the actual results reported under the new standard would no longer be comparable to the province's budget and would not represent the substance of the government's activities.

We are also pleased to share with you the fact that a recent report from the C.D. Howe Institute on federal and

provincial reporting practices has recognized the usefulness, readability and transparency of Ontario's annual report and consolidated financial statements. Ontario received a grade of A, ranking us among the best in the overall quality of our reporting on our financial results.

We will continue to work with the Auditor General and the Public Sector Accounting Board to support public sector reporting which best serves the transparency and accountability needs of the public and the public interest.

With that, I will now turn it over to my colleague Scott Thompson.

Mr. Scott Thompson: Thank you, Greg, and good afternoon, ladies and gentlemen. My name is Scott Thompson. I'm the Deputy Minister of Finance. I'm pleased to be here today before the Standing Committee on Public Accounts. I want to thank the members of the committee for their participation and for their attention today, because there are several important features of this chapter of the report that we'd like to draw attention to.

This government is committed to openness and accountability, so I welcome this opportunity to expand on what the Ministry of Finance has been doing to address the Auditor General's concerns with respect to the 2013-14 public accounts of Ontario. Parliamentary oversight of a government's spending, as you know, is a key element of fiscal accountability under the Westminster-style parliamentary system.

I would also like to thank all my colleagues and staff at the Ministry of Finance—many of whom are behind me here today—who have worked so hard in preparing for today's session.

The Auditor General's report noted that in the past 21 years, all of the province's consolidated financial statements have resulted in clean audited opinions. As Greg noted, I am also proud to add that with last year's statements, it is now 22 straight years. I believe this speaks to the high standards and professionalism of Ontario's public service in this regard.

In her report, the Auditor General expresses concerns on the province's growing debt burden, which she notes is attributable to "government borrowing to finance deficits and infrastructure spending." So I would like to make some brief remarks on what the government is doing to address these points.

1240

With regard to deficits, the government is committed to eliminating the deficit by 2017-18. Working towards this goal, 2014-15 marked the sixth year in a row that Ontario reported both lower-than-projected program expense and a deficit lower than forecast. As a result of beating its deficit targets, Ontario's accumulated deficit is more than \$25 billion lower than it otherwise would have been. Gadi, who has responsibility for financing the debt, will probably talk a little bit further about the importance of that.

This improvement over plan is due in large part to managing growth in spending. Over the past four years, the average annual growth in program spending has been

held to 1.4%, less than the rate of inflation. The government is now projecting a deficit of \$8.5 billion in 2015-16, \$4.8 billion in 2016-17 and, as you know, a return to a balanced budget in 2017-18. At the same time, the government's four-point economic plan is working to grow the economy to increase revenues.

One of the things the government has been doing is taking significant steps to make the province's business tax system more competitive to create the conditions for long-term economic growth. Ontario's combined federal/provincial general corporate income tax rate is now lower than the combined federal/state general corporate income tax rate in every US state, which is attracting foreign investment. To that point, fDi Intelligence, a division of the Financial Times Ltd., named Ontario as the North American leader in attracting foreign capital investment for the second straight year, outperforming all US states and all Canadian provinces.

Other business tax reduction measures undertaken by the government in recent years include eliminating the capital tax, the move to the harmonized sales tax, business education tax rate reductions and savings from both a single sales tax and corporate tax administration.

The government's economic plan also includes investing in modern infrastructure. This is important to note, as the Auditor General points out that part of the rise in the province's debt is due to its investments in capital assets. The government has been clear that it is investing more than \$130 billion in public infrastructure over 10 years. In total, these investments will support over 110,000 jobs per year, on average, in construction and related industries. Through its ongoing and planned investments, the government is renewing and expanding transportation and other critical infrastructure.

Over the last decade, the province has made unprecedented investments in infrastructure, supporting mobility and economic growth. Investments include:

- \$31.5 billion available over 10 years for public transit, transportation and other priority infrastructure projects across Ontario;

- more than \$11 billion over 10 years in capital grants to school boards;

- almost \$900 million over 10 years to address critical maintenance repairs and upgrades to existing post-secondary facilities; and

- more than \$11 billion in hospital capital grants over 10 years to provide adequate infrastructure capacity in the health care sector.

The government has also been clear that these are investments to help grow the economy. A recent report found that, on average, investing one dollar in public infrastructure in Canada raises GDP by \$1.43 in the short term and up to \$3.83 in the longer term.

Finally, and directly related to its plan to build new infrastructure, in its 2015 budget, the government committed to an assets target of \$5.7 billion. This is an additional \$2.6 billion in dedicated funds from what was included in the 2014 budget. These dedicated funds go into the Trillium Trust, which in turn supports the prov-

ince's key infrastructure priorities such as roads, bridges and public transit.

I am happy to answer any questions the committee may have, and I would like to ask my colleague Gadi Mayman, from the Ontario Financing Authority, to speak to the Auditor General's comments on what the government has been doing to address Ontario's debt burden.

Thank you.

Mr. Gadi Mayman: Thank you, Deputy Minister Thompson.

Good afternoon. My name is Gadi Mayman and I'm the chief executive officer of the Ontario Financing Authority, or the OFA. In this role, I'm responsible for the province of Ontario's borrowing and debt management strategy, corporate and electricity finance projects and its banking relationships. I also manage the province's relationships with the credit rating agencies, bond underwriters and investors.

To begin, I would like to thank the Standing Committee on Public Accounts for this opportunity to speak on what we have been doing to address the points raised by the Auditor General with regard to Ontario's debt.

Net debt to GDP is now projected to be 39.5% in 2014-15 and is expected to peak at 39.9% in 2015-16 compared to the forecast peak of 40.8% in the 2014 budget, 40.4% in the 2013 budget and 41.3% in the 2012 budget. The government is committed to reducing Ontario's net debt-to-GDP ratio to its pre-recession level of 27%.

Ontario conducts a robust and responsible borrowing program that protects the public interest. The government successfully completed its annual borrowing program in 2014-15, borrowing \$39.8 billion. So far in 2015-16, the province has borrowed \$20 billion of its \$31-billion requirement. Through prudent and cost-effective debt management, the province has consistently kept interest on debt costs below budget projections.

Term extension has allowed the province to lock in low interest rates for a longer period, which reduces refinancing risks and helps offset the impact of expected higher interest rates on the province's interest on debt costs. As of October 30 of this year, the average term for new borrowing in 2015-16 was 16.2 years. In fact, going back to the beginning of fiscal 2010-11, five and a half years ago, Ontario has issued \$52.4 billion of bonds longer than 30 years in term in order to lock in low interest rates. As a result, the weighted-average term to maturity of long-term provincial debt issued has been extended significantly, from 8.6 years in 2008-09 to 14.1 years last year and, as I mentioned, 16.2 years so far this year.

The 2010 budget forecasted that by 2015-16, the province would have to spend 11.9 cents on interest for every revenue dollar received. The current forecast is 23% lower than that, at only 9.2 cents of interest costs for every dollar of revenue. This ratio is lower than it was in the 14 fiscal years from 1992-93 through to 2005-06, and is forecast to remain lower through the period to balance in 2017-18.

The province takes a very prudent approach to managing the risks associated with its borrowing program. Ontario limits itself to a maximum net interest rate resetting exposure of 35% of debt issued for provincial purposes and a maximum foreign exchange exposure of 5% of debt issued for provincial purposes. As of September 30—we're well below those limits—the values for net interest rate resetting exposure and foreign exchange exposure were 10.6% and 0.3%, respectively—as I mentioned, well below policy limits.

The province will remain flexible in its borrowing approach by monitoring all major markets globally and seeking the most cost-effective means, over the long term, to finance Ontario's borrowing program. This will include continuing to reach out to investors and investment banks, domestically and globally, to ensure that Ontario bond issues remain highly attractive, liquid and sought after, as they have been since Ontario began accessing public markets almost 25 years ago.

Thank you, and I am happy to answer any further questions you may have.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation. We'll now have questions from all three caucuses, and we will start the first round of 20 minutes each with the official opposition.

Ms. Lisa MacLeod: Thank you all for coming in today. I appreciate it. I'm sure you were surprised that we decided to choose the public accounts for the province.

What an interesting day indeed. Earlier today, we passed a motion in this assembly to look at some of the payouts in education with respect to the collective bargaining process. Around that same time, the Financial Accountability Officer put into question a little bit the finances of the province and the ability to get out of deficit by 2017-18. In fact, the FAO suggested that we could be running a \$3.5-billion deficit, when you, just a few minutes ago, said that it would be wiped out, and—I've got notes all over the place here; I guess I'll just have to go without them—that growth in the economy has slowed down from 2.8% to 2%, and that's going to have a significant impact on the province's bottom line, not only on our GDP-to-deficit ratio, but in terms of how we can get back to balance ultimately.

1250

It leaves me, as a member of this assembly but also as a taxpayer in the province of Ontario, to wonder. With the Financial Accountability Officer coming out today—and he did a couple of days ago, as well, with respect to the asset sale at Hydro One, suggesting that we were going to lose a significant amount of money in the years to come. We may have an enhancement this year, but in years to come we won't. I'm left to wonder how you are going to find that revenue when we've got an economy that is slowing, when we have a deficit and, as a result of that, the debt burden we have, and a credit rating decrease, which is also causing us to pay more money on the deficit.

By the way, when we invited you in, we didn't know he was going to be putting his—we didn't intentionally put you on the spot. But I'm wondering if you could shed

some insight—and I'm happy to give you the floor there. But I have to say that he is an independent officer of the assembly, as is our auditor, so their credibility is very key to, obviously, the opposition and the members of the public and, one would hope, the government. So, if I could just have your comments on his report today and the presentations that you've made today.

Mr. Scott Thompson: Sure. I'll start, and others can kick in, if they wish. I think that there are a couple of things about the FAO and his report that are important. One is that while he did identify some risk in the fiscal plan, he also identified that the balance in the balanced year of 2017-18 was achievable.

When you do forecasts, whether it's in-government or the Auditor General or the FAO, they are simply that: They are forecasts. You have to build uncertainties and risks into your forecasts. We were happy to work with him so that he understood the nature of the fiscal plan and the path to balance.

I think, as the minister pointed out in the House this morning in his statement, the economy is continuing to grow. It's not shrinking; it is continuing to grow. We are, in fact, among the top two or three in the country in terms of economic growth. He points out an important factor in any fiscal plan, and that is that economic growth is uncertain and based on a whole lot of variables that we can't predict with certainty.

The fact that the economy, in his opinion, is coming in, this year, at a lower rate in terms of GDP growth is something that worries us. We want to do everything we can to incent greater growth—that's what I spoke about in my opening comments—whether it relates to enhancing skills and training or whether it is infrastructure and other ways of stimulating jobs and economic growth.

We build in the same kind of risk when we do our fiscal plan. You will see an update on that when the fall economic statement comes out in a few weeks. The other important thing about risk is that we build prudence into our plans. We don't take the private sector economic forecasts and just lock them in; we always reduce it by a tenth so that we have some prudence built in there. We have reserve and contingency funds, all of which gives us the ability to roll with the punches, if you will, in terms of things that are unpredicted and uncertain.

He points out that we can achieve balance by 2017-18. We wouldn't deny that there is risk and and we wouldn't deny that there is heavy lifting involved in getting to the 2017-18 balance.

Ms. Lisa MacLeod: Just to go back, he predicted that we would have a \$3.5-billion deficit in 2017-18. He said that he was unclear as to how the government would get to balance, given that the growth projections in our economy were stalled. We're taking in less revenue and we have greater population growth, meaning we're going to have a greater reliance on public resources. So he said that there were a lot of ifs.

I'm just going to give you a quote: "The planned growth in spending is also well below the expected growth in population and price inflation—key drivers of

government expenditures,” said LeClair. I think the question that we would have in the opposition—I think it’s a combined opposition; I would say that both my leader, Mr. Brown, and the New Democrats’ Ms. Horwath questioned how the government’s projections can be so far off from the Financial Accountability Officer’s.

When you look at the Financial Accountability Officer, he is responsible to the entire assembly, not to the government, and he has laid out, I think, some very big concerns on how the government can get back to balance. When we talk and you say “heavy lifting,” and he has what-ifs, the question is, how do you balance? Are you looking at new tax increases? Are you looking at increased money that we don’t know about coming from the federal government? Are there going to be massive cutbacks and layoffs?

Mr. Yvan Baker: Point of order.

The Chair (Mr. Ernie Hardeman): Point of order? Yes?

Mr. Yvan Baker: I think we’re here today to talk about the Auditor General’s report, so I would humbly suggest that the member is asking about a topic that is not relevant to the Auditor General’s report.

The Chair (Mr. Ernie Hardeman): Yes; I would advise that the discussion today should be directed towards the auditor’s report, not the Financial Accountability Office, so if we could get back to that.

Ms. Lisa MacLeod: Sure. All I’m suggesting is that we have the public accounts before us for the province of Ontario, and with respect to recent information that has now come to light, I think it’s important that this committee reconcile that information. We have before us two independent officers of the assembly. I’m well within my rights as a member, Chair, to ask questions of finance officials when they’re before us.

This information that came out today I think was quite relevant. When you’re making one projection, I’m entitled to ask why someone else is making an entirely different projection which suggests that it’s about \$3.5 billion. When you look at the consistent credit downgrades of this government, when you look at the fact that we haven’t seen any decreases in spending, how are we going to get to balance? That’s all I’m asking, and I think it’s a legitimate question.

Mr. Yvan Baker: Point of order again, Chair. The Auditor General has done a tremendous amount of work here to put this report together for us, and we’re here to cover that topic. I’m not saying these topics aren’t important, but I’m saying they’re not relevant to what the Auditor General’s findings are, and I think we should be speaking to that.

The Chair (Mr. Ernie Hardeman): Again, I would just point out that the hearing today is to deal with the Auditor General’s report. So I’m sure that the member, recognizing that, will get to how her questions connect to the Auditor General’s report.

Ms. Lisa MacLeod: Sure. Okay. The fact of the matter is that we have a report in front of us where the auditor recommended very clearly that, “In order to ad-

dress the province’s growing total debt burden, the government should work toward the development of a long-term total debt reduction plan.” When I sat as a member of the assembly today inside question period, that number—that long-term total debt reduction plan—seemed to be put in question by another independent officer.

As a member of the assembly, I take the government’s long-term total debt reduction plan seriously, and it appears that there is a gap between the numbers in this document and other numbers that are out there. If, as you said yourself, you’re taking that new \$3.5-billion number seriously, and those what-ifs, I’m asking, how do you make up the revenue? If there are a number of projections out there, including a new asset sale—by the way, when this report was initially completed, that asset sale hadn’t been completed; the asset sale will be dealt with by tomorrow—how do you deal with those new numbers, as we look not only through 2015-16, but 2016-17 and 2017-18?

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Mr. Scott Thompson: If I understand, I think the crux of that question was whether we’re contemplating new revenues in order to make up the gap. There have been no new revenue measures identified.

The important part that connects back to the core issue here is—one of the measures for debt is net debt to GDP. The common denominator between revenue and growth is that GDP growth will create government revenue. A lot of what the government has in its plans—as you know, we have two or more plans a year; one is in the budget and one is in the fall economic statement. This fall’s economic statement is yet to come, so I’m not going to predict what’s going to be in there. We have certain core pillars to the plan that relate to growing the economy, and it’s that growing of the economy that is central to creating the kind of revenue that we are projecting in order to balance the budget.

Ms. Lisa MacLeod: When I look at, for example, the ministry’s response to this auditor’s recommendation, you indicate that the province’s net debt-to-GDP ratio has improved from 39.1% to 38.6%. She has moved forward and said that with regard to debt management—the auditor believes that the government should also look at developing a long-term debt reduction plan that is linked to its target of reducing its net debt-to-GDP ratio to its pre-recession level of 27%. You’re quite a piece away from that. Your response is, effectively, that you support that and you’d like to achieve that target. I’d like to ask for a few more details in how close you are to achieving that target. Will that be available in the fall economic statement? Is that something we should look at there? And by the time of 2017-18, what is your plan to achieve that?

Mr. Scott Thompson: I’m going to turn this over to Gadi in a second, to talk with more specifics, but I believe the Auditor General’s report had the chart of what we expected the net debt-to-GDP ratio to be over time. It shows the trajectory historically but also a few years into the future, and certainly there is a goal of getting it back to that pre-recession level of 27%.

The outlook for the near future—I think we're able to update a little bit from the Auditor General's report: Public accounts, this year, said it was going to be 39.9%. It is peaking; it will peak at 39.9% and then have a reduction starting in 2017-18, when it will be 39.3%. Perhaps I can ask Gadi to expand a little bit on that.

Mr. Gadi Mayman: Thank you, Scott. The key plank in getting towards the 27% debt-to-GDP ratio is to first balance the budget. As the Auditor General has said and as we've talked about in budgets and fall statements, debt is incurred for two reasons: one is for deficit, and the other is to invest in capital assets. The government, as you're all very well aware, has a \$130-billion plan over 10 years to invest in capital. That capital gets amortized over a period of time, and the difference between what the cash investment is in a year and the amortization, which is a non-cash amount that comes off—that amount increases the debt. Even after we balance in 2017-18—and the government remains committed to balancing in 2017-18—debt will continue to grow. But that debt will be for investments in capital assets. Those investments in capital assets—one of their objectives is to improve the growth trajectory that the province has. As it increases growth, GDP grows, by definition; therefore, the ratio comes down.

The government's plan hinges on, first, balancing, and then having the economy grow more quickly than what the growth in debt to invest in capital will be.

Ms. Lisa MacLeod: The only problem is, with respect to terms of growth, we're already looking at—according to documents today, we'll have a billion-dollar shortfall. That's quite significant if you are looking at your numbers and your projections.

With the new information, do you take that back and rejig your projections? If you're looking at a billion dollars less than you had expected and this is going to amount, over time, to a larger deficit, at what point do you provide that to the assembly? At what point do you provide that to your minister? At what point is that reflected in a budget?

I guess the challenge that I have, and that I think many members of the Progressive Conservative caucus have, is that we have been saying for quite some time that we have a considerable problem in the province, given the fact that we've got such a significant debt and that there are such significant risks now with a slowing economy, with a major asset sale that has raised red flags, and with the fact that our population is growing at a time that our economy isn't matching that growth as well. A year later, documents could significantly change, and I'm still very nervous that we're not going to get out of deficit by that target.

Many of the answers—and I mean no disrespect—seem to fly in the face of what we know. It seems rosier or sunnier than the reality. I think the concern I have is that if we're going to have a billion-dollar shortfall in revenues this year, the only way to make that up over time even now is either through massive layoffs in the public service or through tax hikes or a combination of both. I'm just wondering: Can you confirm today that the government is going to go ahead with a land transfer tax? Can you confirm today what kind of a carbon tax will

come in in the province? These are questions that I think people would expect to be answered, and I just happen to have you here today to ask those questions.

Mr. Scott Thompson: From what I heard, the core of the question relates to the chapter in front of us today, and that is, when we look at a plan, there are, as you acknowledge, in the FAO's reports, a lot of ifs. We deal with ifs all the time. We have to look to the future economic situation, the conditions. The chief economist, who is here with us today and who I hope is behind me, is responsible for looking at all the variables that play into what economic growth could be. Certainly, what the FAO did was take another look at that and plug in other variables and other assumptions.

To answer your question about when we go to the minister or when we go to the Legislature, we go to the minister all the time and talk about economic situations and conditions, with an update, whether they're good or bad. Then we have our two milestone documents every year, the fall economic statement and the budget, where we provide an update to that.

The other factor in play for economic growth is that we do, again, at least twice a year, poll the private sector economists. So this isn't just our assumption and our opinion; we poll the private sector economists on what they're projecting for this year, for the next two years, and, as I said earlier, we average those projections out. There must be a dozen different banks and other economic houses that give us projections. We discount that, so we build some prudence back into that forecast. That's how we try to build that kind of economic forecasting into our plan, and we would update the minister regularly on that.

The Chair (Mr. Ernie Hardeman): Thank you. That concludes the time.

To the third party.

Ms. Peggy Sattler: Yes, thank you very much. I wanted to direct your attention to page 34 of the report, dealing with the financial performance as of March 31, 2014.

In that section of the report, the auditor points out that there was a projected deficit of \$11.7 billion for 2013-14, but an actual deficit that was \$1.3 billion lower. That was due to both lower program expenses and also higher-than-projected revenues.

On the program expenses, the auditor says there was \$600 million less that was spent in education due to lower-than-expected school board expenses; \$300 million less spent in the children and social services sector; and \$300 million in reduced spending across all other ministries.

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I'm wondering if you could provide us some details as to what exactly was cut to achieve the lower-than-forecast spending in those areas.

Mr. Greg Orenesak: Sure, I'll tackle that. The public accounts each year report on the results of overall spending compared against the budget. The budget includes expenditure forecasts for a large gamut of government programs.

Overall, the government of Ontario spends about \$120 billion a year on a variety of programs. Those programs are delivered either through ministries or through transfer payment partners and, in addition to that, through entities like hospitals, school boards, colleges and post-secondary institutions. That is a significant component, a significant share, of our GDP, on the order of 15%.

At the end of the year, we reconcile what the final spending amounts are against those originally allocated budgetary amounts. There's always some variance, up or down, when it comes to forecasts with that kind of magnitude.

We report out in the public accounts on the changes. Some of the changes have to do with lower take-up, for example, of entitlement programs. A forecast is made at the beginning of the fiscal year, which then is adjusted for what the actual take-up was for an entitlement program like social assistance or many aspects of the health care system, for example.

In the public accounts for 2013-14, we reported on the details of those changes by sector. Roughly two thirds of ministries ended up spending somewhere below their original allocations.

To give you some specifics around that, spending in the health care sector was very close to what was budgeted, but in fact, we spent somewhat more than was originally budgeted. Final results were up by \$71 million, and that \$71 million amounted to 0.1% of the planned \$48.9-billion spend in the health care sector.

In this instance, the increase was in part attributed to a lower-than-projected hospital sector surplus. There were also increases in payments under the Ontario Health Insurance Plan. Some of those increases were partially offset by savings in a variety of clinical education programs and the Healthy Homes Renovation Tax Credit program; lower prices that have been negotiated throughout the year for generic drugs; and other efficiencies in Canadian Blood Services operations. Overall, it worked out to be a \$71-million difference altogether.

Ms. Peggy Sattler: So for education, and children and social services?

Mr. Greg Orenszak: Sure. On the education sector expense, that was \$603 million below plan. That was mostly as a result of lower-than-expected expenditures by school boards. The ministry transfers money to school boards at the beginning of the year. The results of school boards are consolidated on our financial statements. Every school board has their own auditor, and their auditors audit their financial statements. When we sum up all of the financial statements from all of the school boards across the province, overall they had spent less money than was originally budgeted. In addition to that, there were also some savings within the Ministry of Education as a result of ministry administration.

Some of the sources of the lower spending by school boards were the result of lower-than-forecast student enrolment growth. Again, school boards are large entities. They plan ahead and submit enrolment forecasts, which then turn out to be right or wrong. In this instance,

the forecasts were slightly higher than the number of kids that ended up showing up in school.

In terms of the ministry efficiencies in the education sector, those were realized mainly through lower information technology costs and improved management of staff vacancies.

You had also asked about—

Ms. Peggy Sattler: Children and social services.

Mr. Greg Orenszak: The children and social services sector. Let me just—

Ms. Peggy Sattler: The \$300 million.

Mr. Greg Orenszak: Okay. In terms of the social assistance and social services sector, a large component of the spending in the social services world is tied to the requirements on social assistance and payments made through the social assistance program.

The performance of the social assistance program in terms of spending by government is, in significant measure, when it comes to the Ontario Works caseload in particular, tied to the economy and the health of the job market. Again, similar to other sectors, there are forecasts and estimates made at the beginning of the year in terms of what is budgeted, and throughout the course of the year, through improved job opportunities in the labour market, that has resulted in, I think, an overall \$252-million savings in children and social services. A lot of that had to do with lower-than-forecast take-up in Ontario Works and other low-income benefits, such as the Ontario Child Benefit, which is delivered through the Ministry of Children and Youth Services.

I mentioned lower prices for drugs that the government was able to negotiate under the health sector. That also has an impact on the social services sector because of the drug component of social assistance.

Ms. Peggy Sattler: Okay. I just want to make sure I have some time left.

Also on that issue, it seems like most of the difference between the projected deficit and the actual deficit was made up by the \$900-million increase in income that the government got from OPG and Hydro One. Given the Financial Accountability Officer's assessment that the privatization of Hydro One is going to result in actually \$500 million less on an annual basis, which could grow over time, I'm wondering what the impact of the sell-off of Hydro One is going to be on Ontario's net-debt-to-total-annual-revenue ratio.

1320

Mr. Greg Orenszak: I will start off by clarifying just one thing in terms of the revenue results for the 2013-14 year. In fact, when we reported in the public accounts, total revenues in 2013-14 were actually \$900 million lower than those projected in the 2013 budget. Overall, when you add up all sources of revenue, the outcome was \$900 million lower than originally planned.

I don't know if you have anything else to add on the specifics.

Mr. Gadi Mayman: You asked about the impact on the net debt to GDP. I would point out that the \$900-million increase is from both OPG and Hydro One. We

will still retain ownership of 85% of Hydro One and 100% of OPG. The impact of the lower ownership of Hydro One will play out over a number of years, but it could be offset. The Financial Accountability Officer mentioned in his report that he didn't look at what the potential growth is in Hydro One as a company with broadened ownership, whether that would be better or not—so that could be offset.

When we look at the debt-to-GDP ratio, it's obviously a collection of the full \$300 billion worth of debt and a GDP of the province that's over three quarters of a trillion dollars. So it does play into it, but it is a small factor in determining what the debt-to-GDP ratio will be.

Ms. Peggy Sattler: In the \$900-million revenues that were generated by OPG and Hydro One, what was the balance between—how much was OPG and how much was Hydro One?

Mr. Gadi Mayman: I'll start, but maybe Ronald Kwan, who is the ADM responsible for the corporate and electricity finance division, could come up and give you more details on that.

I'll start off by saying that the \$900 million was an increase over the base that was forecasted; that's not the total revenues.

Ron, maybe you could give a little bit more specificity to that.

Mr. Ronald Kwan: I'm Ronald Kwan. I'm the assistant deputy minister of the corporate and electricity finance division at the Ontario Financing Authority.

I don't have the precise numbers for OPG and Hydro One with me at this time. The main reasons why the net income for the two companies was higher than originally forecast were partly with respect to lower OMA costs, in the case of the companies; partly in respect to better returns—and in the case of Ontario Power Generation's nuclear funds that they set aside for nuclear liabilities, the financial markets were doing well—and partly because of, in the case of Hydro One, better-than-expected peak demand for electricity. They are paid partly based on a peak-demand basis.

Ms. Peggy Sattler: Has it historically been the case that Hydro One has brought more revenues in than originally forecast?

Mr. Ronald Kwan: It would depend on those various factors. Weather-related electricity demand will reflect—as well, in the case of OPG and the nuclear funds, how the equity markets are doing, in particular, but also other investments that it has through those nuclear funds. Those are not items which are easily predicted in advance of what we build into the budget. Normally, in a budget, you build in projections based on normal running conditions as opposed to unusual weather events or unusual financial market returns.

Ms. Peggy Sattler: Chair, do I have more time?

The Chair (Mr. Ernie Hardeman): Yes, you have about five minutes left.

Ms. Peggy Sattler: Okay. A big section of the auditor's report talks about the electricity sector stranded debt. The report shows that the original residual debt was

\$7.8 billion. The government has collected \$11.5 billion. So even as that residual stranded debt is recalculated—even at its peak, which was in 2004, when the residual stranded debt was estimated at \$11.9 billion. If there has been \$11.5 billion collected in the DRC revenues over the years, why is there still \$2.6 billion in residual stranded debt? Why has it not virtually all been paid off?

Mr. Ronald Kwan: If I may respond to that question as well, as the electricity sector is part of my area of responsibility: One thing that you have to recall in the calculation of residual stranded debt—if you go back to 1999, as you were stating, the original estimate of the residual stranded debt was \$7.8 billion. That was arrived at by a calculation of—the old Ontario Hydro was restructured as of April 1, 1999. The Ontario Electricity Financial Corp. is the legal successor of Ontario Hydro. It carries all the legacy debt and liabilities of the old Ontario Hydro. That amounted to \$38.1 billion as at April 1, 1999.

OEFC also, at that time, had certain assets. Those assets were based on the estimated value of several of the other successor companies of Ontario Hydro: OPG, Hydro One, as well as the Independent Electricity System Operator. That amounted to \$17.2 billion, leaving \$20.9 billion of stranded debt.

To get from stranded debt to residual stranded debt is a calculation based on the estimated future revenues that would come to OEFC, and those estimated future revenues would include things such as the payments in lieu of taxes paid by OPG, Hydro One and the municipal electricity utilities, as well as a projection of what we call the electricity sector dedicated income, where the province dedicates to OEFC the combined net incomes of OPG and Hydro One above its financing costs on owning those companies.

That is a projection, and that projection is updated on a regular basis. The \$7.8-billion estimate can go up or down, depending on whether or not those projections are right or wrong as each year progresses and whether or not the future projections of those revenues change over time. So that's one thing to bear in mind.

Another point to bear in mind is that, of course, those debts and liabilities, particularly the debt of OEFC, carry not just the principal amount that has to be paid but also the interest amount that has to be paid. If you look at OEFC's annual financial statements cumulatively over time since April 1, 1999, OEFC has had more than \$30 billion of interest expense. When you think of the original estimate of the original stranded debt, which was \$7.8 billion, that is, of course, updated based on those projections of future revenues, but it's also any revenues that OEFC receives, be it from the debt retirement charge or payments in lieu of taxes or the electricity sector dedicated income. It also, of course, has to pay the interest costs first. So, having received more than \$11 billion in debt retirement charge doesn't mean that it all can go to just the principal amount, notionally estimated, of residual stranded debt; it also has to, as with other OEFC revenues, help pay for other OEFC expenses.

Ms. Peggy Sattler: And you said \$30 billion of interest since 1999? Is that as of 2014—

Mr. Ronald Kwan: As of the end of March 31, 2015; that's right. So when OEFC first began operations following the restructuring of Ontario Hydro, its annual interest costs were almost \$3 billion per year. It has reduced its debt outstanding and, as interest rates have generally come down and it has refinanced old debt maturities, the current annual interest expense is about \$1.4 billion per year. But cumulatively over time, with that almost \$3 billion initially and now about \$1.4 billion, there has been about \$30 billion in interest expense on the part of OEFC.

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes that round.

For the government, Mr. Baker.

Mr. Yvan Baker: Deputy Orensak, Deputy Thompson, thank you so much for being with us here today. I had the privilege of working with you as a member of Treasury Board, and I just want to take this opportunity to thank you but also all your officials who are working so hard on the issues we've talked about here and working towards a balanced budget. I know a number of them are here in the room today, so thank you all for your hard work.

I'd also like to thank the Auditor General for her report. As always, you shed light on some of the really important issues that are facing us, so I want to thank you for that.

In that spirit, I want to start with page 34 of the auditor's report. The auditor shows actual and then forward-looking results, and if I think about those and I look at the far right number there, where the government is projecting a balanced budget in 2017-18—and I know the government is committed to that. Of course, a balanced budget, from my perspective, is important because it allows us to sustain the programs that Ontarians rely on and expect from their government.

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Now I think it was Deputy Orensak, you had been talking about how, over the past four years, we held annual growth in program spending to I think it was 1.4% and we planned to continue holding spending growth to an average, I think you said, of 0.9% from 2013 through to 2017-18. I know that each fiscal year after the global recession, from 2009 to 2014, the government has over-achieved on the deficit reduction targets. I think that was raised earlier.

Could you just share why, from your perspective, it's important that the government has consistently beaten those deficit reduction targets in terms of the province's finances and keeping in mind that we're striving to balance the budget in 2017-18?

Mr. Greg Orensak: Thank you for the question, Mr. Baker. Over the course of the last several years, we have, through successive public accounts, been able to report a better actual deficit than was originally forecast. One of the reasons that's important and material, to my colleague's earlier point, is that it has led to avoided borrowing and that has added up over time to about \$25 billion.

You sit on the Treasury Board, so you can appreciate the work that the Treasury Board does throughout the

year in terms of helping to keep the government on track in terms of managing its expenses against the expense targets that are set out in the budget. That is an ongoing process and is taken quite seriously. It is important for ministries to do that in order to stay within the estimates that are appropriated by the Legislature. I think all ministries take that role quite seriously.

In order for us to be effectively able to monitor that progress, we work closely not only with Treasury Board members but ministries as well and ensure that there is a regular, consistent quarterly reporting process that helps us assess progress against the government's plans. That's important, too, because all financial plans, whether that be of governments or of households, often include savings targets. We need to make sure that those savings targets are also met throughout the course of the year. We've been successful in doing so over the last number of years. You've mentioned the top-line figure in terms of average annual program expense growth that has trended below the rate of growth of CPI inflation, for example. In each of the last six years I believe, the government has been able to manage expenses to an extent that it was able to come in below their originally forecasted plans.

Mr. Yvan Baker: One of the things that was discussed earlier, and I know it's addressed in the auditor's report, is the issue of debt burden and net debt to GDP. If I've got my notes right—and I think it was Deputy Thompson, you were referring to this—the net debt to GDP was 39.5% in 2014-15. I think you said it was expected to peak at 39.9% in 2015-16. I think that's compared to the forecast at peak of about 40.8% in the 2014 budget and 40.4% in the 2013 budget. Noting this is a key indicator, an important indicator of the government's ability to carry its debt—and basically, what it's doing, from my perspective, is assessing our level of debt relative to the size of the economy. Can you explain what the forecasted net debt-to-GDP ratio is for Ontario and why it is important? What effect does it have on the government's commitment to balancing the budget in 2017-18?

Mr. Scott Thompson: Sure, and your facts were accurate to what we said in the opening.

The net debt to GDP was 39.5% in 2014-15. It is expected to peak at 39.9% this year. It's likely to be the same next year and then start downwards from there so that we can build a path towards the goal of getting to 27%. That is compared to slightly larger numbers in previous budgets.

As we've come in with beating our deficit targets for any given year, that lowers the debt that's added. Since debt-to-GDP ratio is really just a measure of two factors—one is the net debt and the other being economic growth in the form of GDP; those are the two variables that are in play, so reducing anything that adds to that debt, in this case the deficit, helps to do that.

The other half of that is continuing to grow the GDP so that the denominator—do I have that right, debt to GDP?

Mr. Gadi Mayman: Yes.

Mr. Scott Thompson: —the denominator in that equation is getting bigger and therefore the number that comes out the other end is getting smaller.

The importance of continuing that downward trend is multiple, and I'll let Gadi add to that. But from our perspective, one of the most important signs of reducing that number is that you're managing your deficit; you're bringing that under control. That amount that you are adding to the debt is not because you're spending more than you're taking in, but because you are building. Infrastructure will add to the debt, but that is part and parcel of the government's plan to grow the economy. So that is better debt, I guess I might say, than deficits adding to the debt.

Gadi, did you want to add anything in terms of the importance of that and trying to manage down that number?

Mr. Gadi Mayman: Certainly. Thank you, Scott.

The net debt-to-GDP ratio is one of the key financial indicators that we have. In the Auditor General's report in chapter 2, on pages 37 and 38, she has listed a number of other indicators, of which net debt to GDP is probably the most important, because net debt to GDP represents the affordability of debt. Obviously, the smaller the GDP, the less we can afford; the same way as the less our income is, the smaller a house we can afford to have. That's why it's a key indicator.

What's really important in reducing and why the government has a target of getting back to 27% is to give the flexibility, in times when the economy is bad, to be able to spend money in order to help out at those points in time. If it only goes up, then levels off and doesn't come back down again, it puts the province in a worse position the next time there's an economic downturn. So that's why it's key.

As the deputy had mentioned, and as I spoke about in my introductory remarks, the key plank to getting there is to first balance the budget and then to ensure that the expenditures that do result in increased debt in the future are for capital investments, which will help the growth, which will make the economy bigger, which will give us more revenue, which will allow us to pay for future programs.

Mr. Yvan Baker: Great.

Chair, with your indulgence, what I'd like to do—I have one more question, and then if I could pass it on to some of my colleagues. How much time do we have?

The Chair (Mr. Ernie Hardeman): You've got about 10 minutes.

Mr. Yvan Baker: Ten minutes? I'll be brief. I'll ask a quick question, if that's okay.

Mr. Arthur Potts: There's another round after this, too.
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Mr. Yvan Baker: Okay. Great.

We talked a little bit, and the auditor obviously spent significant time here, about program spending. When I first aspired to be an elected official, one of the things that I found interesting was to discover that Ontario has the lowest per capita program spending of all the Canadian provinces.

Going back to figures, I think we talked earlier, Deputy Thompson, about, over the past four years, our government, I think, has held annual growth in program spending to 1.4%. Sorry; it was Deputy Orencsak who spoke about that. I know that we planned to hold spending growth to an average of 0.9% through the balance of

2017-18, which gets us to the balanced budget figure that's on page 34 of the auditor's report.

Can you just talk a little bit more about how the government is controlling spending and reviewing spending through program renewal, review and transformation?

Mr. Greg Orencsak: Sure. Let me take that one. Program review, renewal and transformation is a new approach that the government launched last year to support multi-year planning and budgeting.

As the name suggests, it's really an opportunity to look at better ways of achieving outcomes and a smarter way of doing things while also ensuring that the government is in a position to make choices to deliver the best value for Ontarians while also keeping in mind the government's financial targets.

It is a government-wide process. It's premised on looking at all the programs that government currently runs or supports, and asking four fairly fundamental questions as to whether the programs are relevant in terms of there being a role for the government to fund or deliver them. To the extent that programs exist, are they achieving outcomes in the most effective way possible? To the extent that we're delivering programs, are we doing that as efficiently as we can? If we benchmark ourselves, for example, to other jurisdictions or compare different ways of delivering services, are we choosing the most efficient means of delivering that service? The fourth fundamental question is whether programs are sustainable. If you think about longer-term aspects of providing public services, are we considering future demographic demands, for example, when it comes to a particular program or service?

That's a pretty powerful filter through which to view programs. It's also important that that's being done on a consistent government-wide basis.

I think the government has had some success. This is obviously tough sloggling. I think the government has acknowledged that there are tough decisions that it will need to continue to take.

We also have a track record of successful transformational initiatives to look back on. Just to give you a couple of examples: Reforms and changes to how the government funds and administers public drug programs have resulted in fairly significant savings over time, now amounting to on the order of \$500 million a year.

Transforming the youth justice system has also been an important area of progress in terms of helping to divert lower-risk youth in conflict with the law away from institutions to more effective community-based programs, which has really helped reduce the rates of youth crime recidivism, which in turn has a beneficial impact on the costs of running and administering the youth justice system, for example.

The Chair (Mr. Ernie Hardeman): Mr. Fraser.

Mr. John Fraser: Thank you very much. How much time do I have?

The Chair (Mr. Ernie Hardeman): You have about four minutes left.

Mr. John Fraser: Four minutes? Okay, great.

Thanks very much for being here today. I just want to refer to page 41 very quickly, about our credit rating. In 2015, after the budget, the four agencies updated their outlook and their rating, I should say. One of those agencies, Standard and Poor's, downgraded us. Can you tell the committee what material impact that is going to have on the province's finances?

Mr. Scott Thompson: Sure.

Mr. John Fraser: In the short and the long term.

Mr. Scott Thompson: This is really speaking to Gadi's core business, so I will turn that over to Gadi.

What's important to know is that credit ratings are one of a bunch of things that may be taken into consideration that contribute to the borrowing costs. I'll let Gadi expand a little bit on what some of those other things are, and specifically on your question.

Mr. Gadi Mayman: Thank you, Deputy. As the deputy said, credit ratings are an important component of measuring the province's creditworthiness, but there are other measures, I would suggest, that are equally or even more important. The most significant of those is how investors respond—the people that buy our bonds. We go out and we issue debt on a regular basis. Last year's borrowing program was over \$39 billion. This year's borrowing program is about \$31 billion.

What I would point out is the receptivity of the debt: the fact that investors, both domestically and internationally, have been very avid buyers of Ontario debt. That has not diminished at all with what has happened with the credit ratings. As a matter of fact, we were downgraded by S&P on July 5, I believe it was. Through the remainder of that month, we borrowed over \$4 billion, and our spread, the amount of interest that we pay over the government of Canada rate, actually declined by a basis point over that month, even though we had borrowed over \$4 billion. That has continued; the receptivity of our debt versus others' has continued.

What we have seen during July was something a little bit special, in that our spreads came in. In August and September, our spreads moved out, but that had nothing to do with the credit rating, because every other province moved out by more than what we did. That was due to global financial events. It started off with what was going on with Greece, when people thought that Greece was going to default and have to leave the euro. That affected our spreads. Then, probably more important was what was going on in China, and concerns about how the financial situation in China have caused things. Again, these things have more of an impact on what our cost of borrowing is than what happens with the rating agencies.

Just to put some numbers on that: In April 2012, Moody's downgraded the province's debt, and our 10-year spread at that point was 100 basis points, a full per cent. We paid 1% more than the government of Canada did for 10-year bonds at that point.

By the time we got to July 2015, when S&P did the downgrade, that spread had come in to 76 basis points. In other words, in spite of the downgrade by Moody's, investors were more interested in buying our bonds, at a

more expensive price and a lower interest rate for us, than they had been. As I mentioned earlier in my answer, the same thing happened in the month after S&P had downgraded us.

Rating agencies are important. We don't in any way neglect what they're saying. But we look at them as a reflection of what investors want to do.

The Chair (Mr. Ernie Hardeman): Thank you very much. Hold that thought for the next round.

The second round will be about 18 to 19 minutes each. With that, we'll go to Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming today. I appreciate you being able to make the time and share your expertise.

I have a couple of questions with regard to the whole notion that has been mentioned by different people throughout the afternoon about growing the economy. If I were to ask my constituents what things they thought helped grow the economy, one of them would be that a business has to make a profit, because that's the only way that you are then obliged to pay taxes.

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Another would be the question of energy costs and the impact that has. Another would be the question of the burden of red tape and the kind of regulatory burden that continues to grow. What my constituents think in those cases is that that's non-billable time. That's time that they have to accommodate, and as it grows, obviously, it makes the potential for growing a profit that much more difficult.

When you talk about growing the economy, you talk about capital assets. What would form the basis of your analysis of how much a capital asset actually contributes to the economy? If you say one kilometre of road or three bridges, what is that equal to?

Mr. Scott Thompson: I'll go back to the remarks I made at the outset, Ms. Munro. I'll just refer to a recent report—we can send you the source for this—that found the impact, the multiplier effect, of investing one dollar in infrastructure. It referred to that one dollar raising GDP by \$1.43 in the short term, so already a one-and-a-half-times multiplier, and up to \$3.83 in the long term.

I think that even beyond the shorter-term impact of creating jobs by having new capital building programs, construction, the trades and the related industries that go along with those, there is a longer-term impact on the economy. You're talking about some of the input costs for business and industry. Some of the input costs are created or exacerbated by the difficulty in moving goods around. Certainly the ability to have new forms of transportation—whether it's a new bridge, a widened highway, what have you—or, in fact, some of the transit spending which would serve to not move the goods—not as important to industry—but certainly moving those cars off the road, providing more space for the goods and the trucks to move is important to them.

By focusing on that, I didn't want to suggest that the other pieces that you mentioned weren't important. The other things that we've done in terms of our corporate income tax rate, the elimination of the capital tax, the move

to a harmonized sales tax and business tax reductions are all a package, as well as reducing the regulatory burden that you mentioned. They are all pieces of the package that we are creating and that we've talked about in both of the last budgets, to create a more dynamic business environment.

Mrs. Julia Munro: The other aspect of any capital investment is, of course, the operating expense. Particularly, I think, at the municipal level, this becomes more of an issue. What weight do you give to that in growing the economy? "This is going to require maintenance. This is going to need upkeep," and so forth. How does that figure into the overall growing of the economy?

Mr. Scott Thompson: Certainly it's an important part of our Moving Ontario Forward plan that the infrastructure that we're building needs to be maintained and operated. In terms of growing the economy, creating those facilities creates the need for operators' jobs and maintenance. Those are all important jobs that contribute to the economy.

I think the other aspect to your question, that you may have been asking about, was the responsibility for that maintenance. Some of the infrastructure and capital projects that I referred to are provincially maintained; others that the province is contributing towards are municipally maintained. That's part of an agreement that we need to come to with the municipalities: how those are going to continue to be maintained and where the funding comes from to do that. But I think the critical piece of this is to make up for some of the lost time in terms of upgrading and building facilities, and maintaining them back to the condition that they were in, in order to provide that kind of confidence and increase capacity in our key transportation routes.

Mrs. Julia Munro: The final question on the growing-the-economy side: What happens, then, when you sell it?

Mr. Scott Thompson: Sell what?

Mrs. Julia Munro: The capital asset.

Mr. Scott Thompson: If you're referring to our asset plan—the \$5.6 billion, I think it is. Well, it depends on what it is, whether it's Hydro One or whether it's—some of our asset plan is referring to—part of it has been sold already. That was the GM shares. That was part of our asset plan. Another part of it is our real estate assets. Hopefully, selling real estate assets that the government no longer requires will allow for some productive use to be made out of that land or buildings—redevelopment, potentially, which could help add to economic growth.

The issue on the Hydro One side of things is really related to the management of the government's overall assets. It sees the assets that it has, and it sees the assets that it wants to create through building and an infrastructure plan, and deciding that the most productive use of a portion of that is to broaden the ownership of Hydro One and use the funding that you create from that to put into new and renewed infrastructure and, therefore, stimulate that economic growth.

Mrs. Julia Munro: I have another set of questions. This relates to the ORPP: In the budget document, it

says—I don't have the page—balanced budget for Ontario in 2017-18. It says the ORPP will reduce the amount of general revenue—

Mr. Yvan Baker: A point of order, Chair. Is this relevant to the Auditor General's report? It doesn't seem that we're referring to the Auditor General's report in the question.

The Chair (Mr. Ernie Hardeman): The member will know we're dealing with the Auditor General's report, and I'm sure we'll get back to that.

Mrs. Julia Munro: Thank you—because it will have a direct funding arrangement with the ORPP. That's appearing in the budget document.

The other question I have that's related is on the question of the loss of government revenue, given that the 1.9% is pre-tax. Does the government know what kind of loss there is through that channel?

Mr. Scott Thompson: I have to apologize. I have staff who are dedicated to the Ontario Retirement Pension Plan, but they're not with me here today, because that was not covered in the chapter. So I'm really not able to give you those kinds of details here.

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Mrs. Julia Munro: My last question is more of a commitment that I would like—because I have you here. That's the issue of split pensions. The Legislature passed unanimously—

Mr. Yvan Baker: Chair, again on a point of order. Again, the previous question wasn't relevant to the Auditor General's report. This one doesn't appear to be either.

Mrs. Julia Munro: I have one line—

The Chair (Mr. Ernie Hardeman): Excuse me; it's not a point of order. The time is allotted evenly to the members, and they can ask the questions they want. As was just shown, the delegation has every opportunity not to answer if they don't believe it relates to the expertise that they're presenting here today.

Mr. Yvan Baker: I understood that today we were here to discuss the Auditor General's report.

Mrs. Julia Munro: I just wanted to put on the record that there are probably a few thousand people that are impacted by it and to encourage the government to look to an opportunity to close the gap for them. Thank you. That's it for me.

The Chair (Mr. Ernie Hardeman): Further questions? No further questions? We'll go to the third party.

Ms. Peggy Sattler: Thank you very much. I wanted to get back to the auditor's update on the electricity sector stranded debt issue. We know that the residential debt retirement charge is coming off in 2015, at the end of this year, and that the 2014 Ontario budget said that the goal is to remove the debt retirement charge from Ontario businesses by 2018.

When I look on page 46, at the year-over-year reporting on residual stranded debt and overall stranded debt, there's some variability in the residual stranded debt. In particular, I'm looking at 2003-04, when there was a big spike, and then 2010-11, when, again, the re-

sidual stranded debt increased. It didn't decrease. Can you tell us more about what the plan is to ensure that the debt will be removed from Ontario businesses and industries by the end of 2018? What are you doing to ensure that that debt continues to go down so that Ontario businesses can be confident that they won't have to continue paying that at the end of 2018?

Mr. Scott Thompson: I'll say a couple of things. Then I'll turn it over to Ron, who can fill in some of the more technical aspects of that question, if I might, Ms. Sattler.

One of the important things to know about the calculation of the residual stranded debt is that there are lots of variables in play. There are ups and downs, ins and outs, related to what Ron described earlier as being what projected future income might be, or other benefits that may increase the amount that can be attributed back to the residual stranded debt. It's all a projection. It's all built on assumptions and different scenarios for those variables.

I think this debate was added to by the Financial Accountability Officer's report of last week, where he looked at the residual stranded debt and the debt retirement charge. He noted the number of variables in play. It's a fairly complex formula that gets us to that number every year. His analysis, even with different valuations—a high valuation or a low valuation—still was getting to the point where he didn't see the debt retirement charge eliminated by 2018. However, the government has stated that that is its projection. Based on what we knew when we did the 2014 fall economic statement and the 2015 budget, we were still thinking that that was about the right time frame for it.

The government committed to the residential side being gone by the end of this year, and I think we're still hopeful that 2018 is the right time frame for the remainder of it to be gone. Do you want to add to that, Ron?

Mr. Ronald Kwan: I can say a few words in terms of perhaps providing a little bit more input into why there was that variability in the chart you're looking at, if that could help provide some context about that uncertainty or the changes in projections over time.

One of the reasons why the residual stranded debt was increasing during that period up to March 31, 2004—there are a number of reasons. One reason was that the government had put in place a price freeze of 4.3 cents per kilowatt hour; you may recall that it announced that in November 2002. That price freeze was in place for several years. The difference between the actual cost of generation and the price being charged to consumers was then picked up by the Ontario Electricity Financial Corp. That contributed, to some extent, to the increase in stranded debt and the increase in residual stranded debt.

The residual stranded debt is also affected by those projections that the deputy was just speaking about and I spoke to earlier in general. But I think a little bit of that context of what happened in the first half-dozen years or so of the existence of the OEFC—part of that is the projection of future payments in lieu of taxes, and part is the

future performance on the net income side of OPG and Hydro One.

In that period, with respect to payments in lieu of taxes, for example, back on April 1, 1999—I'll give you an example. The combined federal and corporate income tax rate that Hydro One was paying was close to 40%. There were a number of reductions in the corporate income tax rate that lowered that. The current combined corporate income tax rate is about 26.5%. That, in many ways, is a savings to ratepayers because Hydro One passes on its tax costs through its regular rates, but then, of course, the revenues of OEFC were down in actual terms over time but also by that projected future amount of payments in lieu of taxes. In that calculation between stranded debt and residual stranded debt, it lowers that present value of future revenue streams estimated. That increases the amount of residual stranded debt, holding other things constant. That has to be paid by the debt retirement charge.

One thing that I think provides more stability going forward in comparison to that is that tax rates have been more stable in recent years, so we haven't seen that spike in the past. Another thing that has not been—the price freeze expired after 2004-05. Another aspect that helped to stabilize results compared to that early period and the future period is that Ontario Power Generation was selling power as an unregulated utility. With the restructuring act of 2004, OPG became partly rate-regulated. More recently—a couple of years ago—it became fully rate-regulated. Part of its hydroelectric production was unregulated up until last year.

That has also provided more stability, but one of the issues that arose in the first half-dozen years or so of OEFC was that the projections of those future revenues coming from OPG and Hydro One, either from net income or payments in lieu of taxes, had to be scaled back, partly because OPG wasn't performing as well and partly because of those reductions in tax rates.

Those things, we, of course, have to take into account going forward; those things, the Financial Accountability Officer has to take into account in his projections he provided in his report a week or so ago. We have our own estimates of those projections; he has his estimates. As we were talking earlier about projections, there are always going to be different forecasts of what's going to happen into the future. There is that remaining amount of uncertainty going forward, but as the deputy was saying, the government has said and we are still saying that our estimate for the debt retirement charge for the remaining non-residential electricity consumers—that would still end by the end of 2018.

Ms. Peggy Sattler: Will there be forecasted targets for how much that debt retirement charge will go down in 2016, 2017 and 2018?

Mr. Ronald Kwan: In terms of the residual stranded debt, there is a requirement under regulation 89/12 that was put in place in 2012 for the Minister of Finance to provide an annual determination of the remaining residual stranded debt. Following the 2014 annual report of

the Auditor General—this graph shows that the residual stranded debt as at March 31, 2013, was \$3.9 billion.

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About a week prior to this coming out, the province had put out the fall economic statement of 2014, in which there was the revised residual stranded debt determination that was estimated as of March 31, 2014, at \$2.6 billion. The estimate as of March 31, 2015, under that regulation, has to be provided publicly by the year-end, March 31, 2016.

So, as stated in the 2015 budget, that is one of the things that the ministry will be doing, providing its next annual determination of the residual stranded debt. That will continue on each year, to provide that update under that regulation.

Ms. Peggy Sattler: Okay. I want to turn to the section on the ratio of net debt to total annual revenue, on page 38. The auditor points out that the ratio has increased steadily since 2007-08. It's expected to top 245% by 2017-18. It goes on to say that the increasing ratio of net debt to total annual revenue indicates that the province's net debt has less revenue to support it.

Given the FAO's report that there is going to be a further loss of revenue of \$500 million per year with the 60% sale of Hydro One, I'm interested in knowing your thoughts on how the sell-off of Hydro One will affect this net-debt-to-total-annual-revenue ratio.

Mr. Scott Thompson: I guess one thing I'll point out is that the numbers are slightly better. I think now we're reporting 241% or 242%, compared to the 245% that was in this report, by 2017-18.

The Hydro One revenues are important, but they're still a relatively small piece of the overall revenue puzzle. Revenue for the province is in the order of \$120 billion. I think it's part and parcel to what we discussed earlier. Some of the FAO's assumptions and predictions on revenue from Hydro One are predicated on kind of a straight-line projection, as opposed to the ability of Hydro One, in its new form, to create some growth above his assumptions. We wouldn't necessarily use the same assumptions.

Also important is the fact that the first tranche of this is 15%. After this, we'll still own 85% of the entity and therefore still get 85% of the revenue.

Did you want to say anything more about debt to revenue, Gadi?

Mr. Gadi Mayman: Sure. Net debt to revenue is one of the other important financial indicators that we look at. We've talked a lot at the committee this afternoon about the net debt to GDP. Net debt to revenue is another way of looking at that, and it's certainly one that we look at, and that rating agencies and investors look at regularly when they look to buy our bonds.

Just to add a few more numbers to what the deputy has just talked about, on page 265 of the 2015 budget, which you may or may not have in front of you, the growth in revenues that we forecast is quite substantial. We had interim numbers of \$118.5 billion in 2014-15—I forget the exact number in public accounts, but it was in that region—growing to \$124.4 billion this year, so an increase

of \$6 billion, with another \$5-billion increase in revenues next year to \$129.4 billion, and another \$5 billion to \$134.4 billion. So, as the deputy had mentioned, the impact of lesser revenues from Hydro One will be more than offset by increases in revenues from the growth in the economy.

Ms. Peggy Sattler: I want to ask a question. You raised the provincial bonds. I wanted to ask about the auditor's comment that foreign investors will purchase provincial bonds because of the high credit rating for the federal government, so Ontario benefits from investor faith in the federal government's debt. Given that, with the new federal government we know that there are plans for increased deficits over the next few years, what's your assessment of how this will affect investors' willingness to buy Ontario's debt? Do you anticipate any impact on Ontario's debt level?

Mr. Scott Thompson: Let me just start. I think I've sat with Gadi at many credit rating agency meetings and with him at many investor meetings as well. I would say that, as a subnational, with Canada being part of the mix here, some credit rating agencies will take comfort from that and others will not and they will judge you sheerly on your own fiscal performance and your fiscal plan.

I think it's one potential positive factor. I don't think that the change in government in Ottawa is going to sway a credit rating agency's opinion on whether the federal government would be there in support of the province. As I said, I'll go back to saying some don't consider that variable at all. Some do, and even if they do, I don't think it's a big part of their consideration in determining what the rating is for the province.

Mr. Gadi Mayman: That's an absolutely fair comment. The other point that I would make—you had talked about international investors—we set a target each year, which we lay out in the budget, as to how much of a borrowing we want to do domestically in Canada, with the remainder being done internationally. This year, we raised the target to 75% domestically from 70%. We think that we'll easily be able to achieve that. As of right now, as of the end of October, in the neighbourhood of about 88% of our borrowing has been in the domestic market.

International investors are important to us. It's important for us to be able to access markets outside of Canada, but our key marketplace is within Canada. One of the things that we have seen over the past number of months, a year or so, has been increased demand within Canada for Ontario bonds relative to other provinces. We've seen that reflected in the spreads that we pay; the amount of interest rate we have to pay over the government of Canada bond has been reduced relative to what other provinces have been paying.

Ms. Peggy Sattler: So is the debt-reduction plan based on that continued demand for people to purchase Ontario's debt? What happens if the demand for Ontario's debt shrinks?

Mr. Gadi Mayman: That's something that, in my role, I'm paid to worry about all the time, that, "Gee, are we going to be able to borrow the money?" It doesn't

have a direct impact, to answer your question, on the debt-reduction plan or the net debt to GDP. What it has an impact on is our ability to actually finance ourselves, to have the money to be able to pay for the services, to pay for the goods, to pay for the infrastructure.

What we do at the Ontario Financing Authority is we build in a number of protections or buffers that we have so that we carry a high degree of what we call liquid reserves, which for a normal person would be the amount of money that we have in the bank for a rainy day. Before the financial crisis, the amount of liquid reserves that we would carry would be in the \$6-billion to \$8-billion or \$9-billion range. Since then, we've gone to over \$20 billion that we keep in liquid reserves and that's so that if we run into a situation due to a problem with Ontario, or more likely a problem that is more global like the financial crisis, where it's difficult to access markets to borrow money, we have enough money sitting there that we can actually continue to pay the bills.

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We also have a short-term borrowing program. We issue what are called treasury bills in Canada, or commercial paper in the United States, which is money that we're borrowing for less than a year. We have a program that we are nowhere near the capacity of. Again, that's another means that we have of continuing to be able to borrow in difficult circumstances.

We haven't had to dip into that over the last number of years—we've had very receptive markets—but we're always prepared for that to happen.

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes the time.

We'll now go to the government: Mr. Potts.

Mr. Arthur Potts: Thank you, gentlemen, for being here today. It has been a most enlightening discussion so far. I very much appreciate it. I'm back to my Eco 101 and commerce days at university, but I'm catching up as fast as I can.

What I want to do is reflect on some of the initial comments you were making, Deputy Minister, about risks and prudence—prudent measures that are taken to manage risk. It reminds me somewhat of another university text I read, Machiavelli's *The Prince*. We all know that Machiavelli had a lot to say about the Medici princes, not just about the ends justifying the means. There's a whole section there, a chapter, "Fortuna," in which he makes the argument that a successful prince must be lucky. Then he goes on to say that the most successful princes make their own luck. What it's all about is successfully managing risk.

You've talked a little bit about some of the prudent measures. I was going to ask you initially about what the take-up is on Ontario bonds, and you've answered it very effectively: that, apparently, we're still very attractive. People are continuing to invest in Ontario, and that's great.

Then I was going to ask you about our credit ratings, and that question was asked as well. The relationship we've had with the credit agencies—to correct the record, for the member opposite, who was saying that

there's continuous sliding: That just isn't the case. Three of the four credit agencies have held absolutely stable. Notwithstanding some downgrading, we've talked about how our basis points are even shorter, so our borrowing costs are limited. There have been some prudent measures in that regard.

Then I was going to ask about the asset sale management plan, and, of course, we had that discussion as well. A lot of these issues have been covered off.

I think you may be turning the members opposite over to being supporters of the plan, because with all the questions about debt and debt retirement issues, and the debt-to-GDP ratio—obviously, repurposing assets in a way that's more purposeful is probably a better longer-term plan for managing these operations.

One of the things we have been somewhat lucky about has been low interest rates. I know that the auditor has flagged, in her report, how it puts us at increased exposed risks. Maybe we could talk a little bit more, not just about interest rates but any other prudency measures that you'd like to discuss, about how we are continuing to manage borrowing and our debts and our obligations in a prudent way, to getting to balance and managing those financial risks.

Mr. Scott Thompson: I can't match you on your eloquence in terms of the literature references. I guess I'd use a sports one and say that it's better to be good than lucky.

Mr. Gadi Mayman: You've got it backwards.

Mr. Scott Thompson: Oh, darn. That's my Yogi Berra moment, I guess.

I'll talk a little bit about prudence, and then maybe Gadi can talk a little bit more about interest rates.

We've included prudence as part of the fiscal plan perennially in order to help ensure that we meet our future fiscal targets as we move towards a balanced budget. It's important to have some flexibility built in. In fact, the Fiscal Transparency and Accountability Act, FTAA, requires us to incorporate prudence in the form of a reserve in order to protect the fiscal outlook against adverse changes in the province's revenue and expenses, including those resulting from the challenges and changes in the economic performance compared to what was predicted.

The reserve has been set at \$1 billion for this fiscal year, 2015-16, and set at \$1.2 billion in each of 2016-17 and 2017-18.

The fiscal plan also includes contingency funds to help mitigate expense risks that may otherwise negatively impact Ontario's fiscal performance.

I'll come back to something that we mentioned a couple of times, but it's an important part of prudence. It's an important part of accountability but also an important part of prudence, and that is that we base our revenue projections, our economic projections, not just on our own internal thinking but on what others think. Private sector economists will tell us several times a year what they are projecting for the economy. We use their assumptions as a base. We generate an average from that and then we discount it again, in order to be even more

prudent, to build in some flexibility for maybe not hitting that revenue outlook.

We also test our assumptions with them. I think we've done very well so far in testing our assumptions and our predictions for future growth with them as we go.

Any more on interest rates?

Mr. Gadi Mayman: Yes, I could add a little bit on interest rates. We also build prudence into our interest rate forecast. As the deputy had talked about on the revenue forecast, we do the same concept with the interest rate forecast, our interest-on-debt forecast. What we do is we take the private sector consensus of where interest rates are expected to be—government of Canada interest rates, because they don't forecast Ontario interest rates. We take that consensus; we then add our forecast of what our spread is going to be and we add a little bit of prudence to that; we move that up a little bit. We use that for when we do the budget for the year upcoming and the year after—for two years.

What we do after that is we take an even more prudent forecast because we say that the idea of predicting where interest rates are going to be three months from now, never mind three years from now, is a little bit hard to do. So we'll just use an historical base as our base for this. What we do is we look back and we look at what the average Ontario interest rates have been over the last 15 years. We then take that number and we use that as our interest rate forecast for the out-years, for the third year and beyond.

In doing that, we put that into a model that we have as to what terms of debt we're going to issue—how much five-year debt? How much 10-year? How much 30?—and that model then comes up with a number which is our interest-on-debt forecast.

There is enough prudence that is built in there that, over the last 20-some-odd years, every year in public accounts our interest-on-debt amount has been below what that forecast was. So we build some prudence in there.

In terms of the actual operation of the program itself, the actual borrowing that we do, the way that we built in some protection for what we expect to be higher interest rates in the future—because they're at historic lows; they have been at historic lows for a number of years now; they can't stay there forever—what we've done is, we've extended the term of our debt. I mentioned that in my opening remarks. Over the last five and a half years, since the beginning of fiscal 2010-11, we have issued almost \$52.5 billion worth of debt that's 30 years or longer. I'll go back to the mortgage analogy that I used a little bit on the DRC. What that means is it's like a fixed-rate mortgage. If interest rates go up, we're not going to have to immediately pay those extra costs. We've locked in those rates.

Those are the types of prudence that we build in on the interest rate side in combination with the prudence that the deputy talked about on the revenue side.

Mr. Arthur Potts: Great. I noticed in the auditor's report—the same page: 34—two things. One is, there was an expectation back then that interest rates were going to

rise, and I think we've seen the opposite. All experts get it wrong sometimes. I know that my mortgage that I just refinanced is at the lowest level I've ever seen possible. It's quite extraordinary.

One of the uncertainties we face on a regular basis is federal transfers. We talked a little bit about it. I think that our public accounts statement outlines where the government of Canada has not made the transfers to Ontario that were directed in their budget. I think in our document here we indicate that it's about \$200 million below. Could we talk a little bit about that? I believe there was \$54 million just in medicine alone, in health care transfers, that we didn't see and were expecting to see, because of revisions at the federal level.

Mr. Scott Thompson: That's a pretty complex relationship. Let me talk about three different things there. One is the relationship of what ends up being a very significant part of our revenue, and that's taxes. As you know, the bulk of taxes is collected federally and then we have to wait and see what the results are going to be. In many cases, certainly with corporations tax, there's a big time delay between when the federal government will do a projection and pass on to us in instalments what they expect the amount to be based on historical averages and what they see happening. But by the time a corporation will end up doing their taxes, submitting them, taking whatever kind of losses, often what we end up with is not what we expected. I think there are references in all of these documents to situations where the corporate tax didn't end up being as solid, as robust, as we had hoped or expected it to be. So that's one kind of relationship with the federal government.

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The other one is on things like equalization. So there, we do every year get an amount in equalization. We have not been perhaps as positive a recipient of that in some years as we had hoped. Again, we sometimes get a shock in-year that we weren't expecting. As we're making our fiscal plan for the next year, they tell us what our equalization payment is going to be and that sometimes is less than we were counting on. That's another relationship.

The other one that may play more into a changing relationship and a piece of your question, Mr. Potts, is related to things like health care transfers and infrastructure. Some policies that may be made in Ottawa can have significant effects on our fiscal plan because they are either helping to fund things that are important for our budget, like infrastructure, or they're taking on a greater share of expenditures that may be already built in to our plan, like health care.

Mr. Arthur Potts: Have we got time left?

The Chair (Mr. Ernie Hardeman): You have about eight minutes left.

Mr. Arthur Potts: Eight minutes. Good.

Interjection.

Mr. Arthur Potts: You can start; I've got more to go. Go ahead.

Mr. John Fraser: Just very quickly: On page 47, the Pension Benefits Guarantee Fund is briefly mentioned in

this report. There was a section in the last Auditor General's report and we also discussed this at committee. I know that it's a fund that is unique to Ontario and I know from some local experience that it was with the demise of Nortel that it was an important thing for a number of people in my community; that supported them.

Because what's in the report here is a bit mixed, can you give us an update on where the Pension Benefits Guarantee Fund is at?

Mr. Scott Thompson: The status of the PBGF account, I believe—in fact, I think the Financial Services Commission of Ontario was here earlier this year and talked a fair bit about the PBGF and other elements of their work. The balance in that is somewhere up in the \$500-million to \$600-million level.

It is, Mr. Fraser, a type of an insurance plan; right? Companies pay into this and, as you noted, we're the only province in the country to have this kind of a backstop should a pension plan go under.

Leah, I'll ask you to speak to the level of support that it provides in those circumstances.

We have been building it up. There was the Nortel situation, of course, in 2010, I believe. We have taken several measures to try to improve the amount that's in the balance there, including increasing the rates that are charged to plan members. It covers about 750 plans in Ontario and a million plan members.

We made important reforms to the PBGF in 2012 to try and create that kind of sustainability that you're talking about. Because if you intend to have it there as an insurance plan, then we want to make sure that it's there when it's needed. We hope it is never needed in the first place, but certainly there are cases, and FSCO is always monitoring those, trying to anticipate where those situations may occur.

But in 2012, we raised the base fee from \$1 to \$5 per beneficiary, we raised the maximum fee per member from \$100 to \$300, we eliminated the \$4-million cap, and we introduced a minimum fee of \$250 per covered plan. Those changes significantly increased the PBGF revenues and enhanced the sustainability. In the last fiscal year, prior to the new fee structure, the PBGF premium revenue receipt was \$48.4 million, but there have been significant improvements since that time that have helped with that whole sustainability question.

Leah, can you add—

Ms. Leah Myers: Certainly.

Mr. Scott Thompson: You almost made it, Leah.

The Chair (Mr. Ernie Hardeman): If you could introduce yourself for Hansard.

Ms. Leah Myers: My name is Leah Myers, and I'm the assistant deputy minister of the income security and pension policy division at the Ministry of Finance.

I think the deputy covered off much of what there is to say about the current status of the PBGF. It does have total assets as of March 31 of \$543 million, and it's based on those assets that it manages the claims that it receives. It does have some outstanding claims to take into account, so it has a surplus of about \$372 million, all told.

As well, to underscore your point that it is the only fund of its type in Canada, what it does is, based on the funded status of a given pension plan when it winds up, it ensures that members get the full first \$1,000 to which they would be entitled. Anything over \$1,000 is discounted based on the funded status of a plan. So, briefly, it guarantees the first \$1,000 per month of a pension benefit.

Mr. John Fraser: Thank you very much.

Mr. Scott Thompson: I guess I would add that I know this is a subject of continued interest from the Auditor General. In the 2014 report, the Auditor General recommended that the Financial Services Commission of Ontario assess the PBGF and use the information to recommend further possible changes to address the sustainability. So, as I think you're sensing from our answers, the sustainability of that is always an issue for us. We want to put it in the best possible situation so that it is sustainable and it is there.

FSCO may have mentioned, when they were here in March, that they are reviewing the PBGF. They will always consider what enhanced analysis can be done in order to improve the monitoring of the fund and incorporate expanded disclosure of its financial risk exposure on that front.

Mr. Yvan Baker: What's the time remaining?

The Chair (Mr. Ernie Hardeman): You have about half a minute left.

Mr. Yvan Baker: Half a minute left? Okay, I'll be brief.

In the auditor's report, there's a lot of reference—we've had a lot of discussions about debt, and a big component of that, as you referred to, Gadi, is around funding infrastructure investments.

What's not in the scope, I guess, of the auditor's report is the impact the infrastructure investments have on our economy. Do you agree that that's an important element that we should be looking at? Is that something that you look at as being important for us to look at as we think about the value of infrastructure investments going forward?

Mr. Scott Thompson: Yes, absolutely. If I understand, Mr. Baker, both the short-term dividends that are created by infrastructure investments in terms of jobs and the longer-term dividends of the infrastructure being dependable, safe and accessible, and the ability to create new opportunities for business and industry to locate here—I mentioned investment trips. Some of the investment is about talking about all of the conditions for success and economic growth that exist in Ontario. A big piece of that puzzle is infrastructure, and encouraging business to locate here, or encouraging business that is already here to export and create growth. It depends a lot on that infrastructure investment.

The Chair (Mr. Ernie Hardeman): That's a wonderful place to end it. Thank you very much for your presentation and the time you spent here to help us with our review of this section of the auditor's report.

We'll go into closed session for discussion on further action of the report.

The committee continued in closed session at 1440.

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Journal des débats (Hansard)

Mercredi 18 novembre 2015

Standing Committee on Public Accounts

2014 Annual Report,
Auditor General

Comité permanent des comptes publics

Rapport annuel 2014,
vérificatrice générale

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 18 November 2015

Mercredi 18 novembre 2015

The committee met at 1232 in room 151, following a closed session.

2014 ANNUAL REPORT,
AUDITOR GENERAL

Consideration of section 4.08, Metrolinx—regional transportation planning.

The Chair (Mr. Ernie Hardeman): We'll call the meeting of the Standing Committee on Public Accounts to order. We're here for consideration of section 4.08, Metrolinx—regional transportation planning, of the 2014 annual report of the Auditor General.

MINISTRY OF TRANSPORTATION

METROLINX

The Chair (Mr. Ernie Hardeman): We have here delegations from the Ministry of Transportation and from Metrolinx. We welcome you and thank you for being here this afternoon. We'll have 20 minutes for your presentation, and then from there on we'll start with 20-minute rotations with each caucus. At the end of it—at the second round, we'll decide how much is left in time and we'll divide it equally to the caucuses.

We do ask, as you start your presentation, that you introduce yourself for the Hansard. The reason we do it that way is that we want to make sure it's copied in the Hansard right, and chances are that if I did it, it might not be quite the way it was supposed to be.

We thank you very much for taking the time to be here today, and with that, we'll turn the floor over to you.

Ms. Carol Layton: I'm Carol Layton, the Deputy Minister of Transportation. I'll start off and then Bruce will follow.

First of all, thank you very much for allowing us to be here. I do want to talk briefly about Metrolinx and the ministry in the context of our working relationship and the work that we do with our respective and supportive mandates in delivering really good work in the province.

I'm a student of public administration, so I can't be in front of this committee and not say a few things about that. Over the course of my 35 years in the Ontario government, I've seen really good progress in our public sector accountability processes and the different ways of making sure our public resources are managed prudently.

All-party committees of the Legislature are an important part of our jurisdiction's accountability framework. This standing committee serves a key role through its review of the reports of the Auditor General as well as the review of the public accounts. As we all know, it's just part of good government.

I'd like to right now give an overview of MTO's relationship with its agency Metrolinx and some of the important work that's being done. After that, I will hand it over to Bruce to address the work of Metrolinx.

As well noted in the AG report, Metrolinx is an agency of the Ontario government, enabled through its act, the Metrolinx Act of 2006, with the purpose to plan for and implement an integrated multi-modal transportation network in the province, certainly in the greater Toronto and Hamilton area.

The importance of the agency is really clear when I cite the following statistics: We've got a population of 13.7 million people in the province of Ontario, we have over 12 million registered vehicles in the province of Ontario, and we have over nine million licensed drivers. The people of Ontario like their vehicles, and with the vast geography that they have, they're very much dependent upon being in cars, light-duty trucks and other motorized vehicles. Therefore, given that we have the greater Toronto and Hamilton area, even with great transit options, we are still dealing with, of course, disabling congestion and also one of the fastest-growing urban areas in the region. The role of Metrolinx is key in addressing mobility, accessibility and connectivity in the region.

MTO's mandate covers the full geography of the province. We oversee \$80 billion of transportation assets in the province. That includes our 29 remote airports and about nine ferry services as well. Our focus is on improving highway and bridge infrastructure, improving road safety, increasing transit ridership, and promoting a multi-modal transportation network by making transit and transportation investments that promote economic opportunities, support a higher quality of life for the people of the province and improve the natural environment through reducing greenhouse gases.

In our relationship with Metrolinx, MTO provides support to the minister in his oversight of the agency and in the timely delivery of government priorities and strategies. We're well involved in the many issues and files of the agency and we are the link to the various committees of cabinet for decision-making.

Our respective reporting relationships are well defined in our memorandum of understanding: the minister to the Legislature, the chair of Metrolinx to the minister, the CEO to the board through the chair, and the deputy minister to the minister. I've subscribed to that through all the different work that I've done in the many different ministries and agencies for which I've had the privilege of working.

In the ministry, we have a small office that's dedicated to supporting the minister and myself in our oversight roles. We also have a really good and close working relationship with the agency: monthly meetings that the chair and the CEO have with the minister and really frequent meetings on many different issues; formalized biweekly meetings with myself, the assistant deputy minister of our policy and planning division, John Lieou, who's here, and with Bruce as the CEO of the agency; and biweekly meetings between the Metrolinx CEO, our executives and the minister's office and our respective communications teams.

At the branch level, we have a number of standing meetings that occur between MTO directors and managers and Metrolinx counterparts—everything from operations to capital planning to policy issues. So we are very well supported in the work that we do within the ministry and also working with the agency.

In the near future, we are going to be developing—we have well under way a rail coordination and advisory branch which will provide even more support to the minister in his oversight of major capital transit and rail projects under the Moving Ontario Forward strategy, in particular regional express rail, which is, of course, one of the most transformative initiatives that we have in the greater Toronto and Hamilton area.

In all of what I've just said, you can see that we've got a well-defined governance relationship. We also have a funding relationship with the agency. In addition to funding the capital program for Metrolinx, MTO provides an annual subsidy to cover the agency's shortfall, but I say that noting also that GO Transit's operating division operates at a cost-recovery ratio of about 80%, which actually makes it one of the most efficient transit operators in North America.

In the spring of 2014, the Premier announced the province's plan to build an integrated transportation network across the province, Moving Ontario Forward. The 2015 budget increased the commitment to \$31.5 billion over 10 years. A priority under that is transforming the GO network into regional express rail, and that service will provide faster and more frequent service on the corridors of the GO rail network, with electrification of some of the core segments. When I go back to the 12 million registered vehicles in the province and the nine million licensed drivers, with a great percentage of that in the greater Toronto and Hamilton area, you can certainly appreciate the need for getting more people out of cars and on to transit.

That will also be supported by the Presto fare card, which we have in the greater Toronto and Hamilton area

and Ottawa. As a Presto card holder, it's great to be able to use Presto increasingly on the TTC and to be able to fly to Ottawa and use that same card there, which is actually of great benefit as well. I will defer to Bruce to provide an update to the committee on regional express rail and Presto, but I just want to highlight the huge transformation that those two alone are providing to this region.

Before turning to Bruce, I want to speak briefly about alternative financing and procurement, which was also touched on in the AG's report. The key thing I want to say there is that almost 10 years ago I had the privilege to serve as the deputy minister to former minister David Caplan in his role then as the Minister of Public Infrastructure Renewal. You remember those days, Lou. We oversaw the creation of Infrastructure Ontario, now almost 10 years old. It brings, I would say, the best of private and public expertise together while transferring a significant amount of risk.

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I guess the point I'd make there is that as a ministry, we have many different ways of delivering capital projects in the province, but we have embraced the AFP model as well in some of our key investments, in particular some of our key highway projects. So I wanted to just acknowledge that and close off my remarks by once again saying thank you for the opportunity to be here this afternoon.

I will now hand it over to my colleague, Metrolinx president and CEO Bruce McCuaig.

Mr. Bruce McCuaig: Thanks very much, Deputy. As Carol indicated, my name is Bruce McCuaig. I'm president and chief executive officer of Metrolinx.

Thank you for the opportunity to update the standing committee on the progress that Metrolinx has made over the last year in achieving our mission to transform the region's transportation system. It was about four and a half years ago that the Auditor General was in reviewing Metrolinx and reported originally on this material, and about one and a half years ago that the Auditor General was back in doing their updates. So it's timely to have a discussion now on how much progress we've made.

Enhancing the prosperity, sustainability and quality of life of the greater Toronto and Hamilton area through transportation is a critical priority. We are planning, building and delivering hundreds of projects across the GTHA to move the region forward and to give people the transportation options they need to lead productive and fulfilling lives, now and in the future.

When Metrolinx was formed in 2006, we had a mandate to develop a plan, and a region in need of connectivity. We developed the regional transportation plan to guide the work that needed to be done to transform the transportation network.

Almost a decade later, we have made progress in building and launching services. Our work continues, and as projects progress, we plan, build and deliver more ways to move the region effectively.

This past year saw the achievement of major milestones in advancing our mission. One of the most

significant was the launch of the Union Pearson Express. Five years after being assigned responsibility for delivering an air-rail link, we launched our train service to the airport on June 6, on time and on budget. UP trains travel between Union Station and Pearson International Airport, making the trip in just 25 minutes, with departures every 15 minutes.

When the Metrolinx team was designing the implementation of the new line, four objectives were established: first, to deliver the project on time and on budget, and this was accomplished; second, to provide a reliable customer experience—this, too, has been achieved with an on-time performance of 96.7% over the first five months of service. Our average trip time is 25.41 minutes. The third objective was to provide a high level of customer satisfaction; 87% of riders have said they are likely to use the service again and 85% would recommend the service. Our fourth objective was to achieve the ridership target of 5,000 average daily passengers at the end of the first year of operation in June of next year. As of October 31, our weekday ridership had increased by 12% compared to August, consistent with seasonal passenger variations at Pearson airport. We still have more work to do to achieve our objective for June 2016, but I'm pleased to report that progress is being made.

The frequency of service that UP offers would not have been feasible without the infrastructure improvements delivered through the Georgetown South project over the last five years. This series of complex infrastructure projects included six grade separations, 16 bridge modifications and major track construction, civil works, signal installations and utility relocations.

These improvements also enabled us to offer increased service along the Kitchener GO line. On September 14 we introduced 14 midday weekday GO trains between Brampton and Toronto as a result of the substantial completion of the Georgetown South project. These 14 new train trips provide a total of nearly 20,000 seats every day for our customers. As we improve infrastructure and acquire equipment, our service planning team is in step, utilizing resources to help meet demand.

This summer, GO Transit played a major role in providing transportation options during the 2015 Pan Am/Parapan Am Games. Ridership on GO's Lakeshore line surged during this time, with approximately 370,000 trips attributed to games travel, representing a 25% increase over last year's ridership.

Our challenge continues to be to keep up with regional growth and the demand for more GO service. We are working to bring regional express rail to the GO network, a program that will provide significant new travel choices across the GTHA. Over the next 10 years, RER will transform the existing GO commuter rail service into a system providing, in core areas, electrified service with 15-minute frequencies, service in both directions throughout weekdays, in evenings and on weekends, and a mix of all-stop and express service to meet demand and to reduce travel times.

Over the past year, work has begun to further define RER, including developing a service concept, infrastruc-

ture plan, phasing plan and public engagement plan. Metrolinx has also undertaken a business case analysis to ensure that our decisions optimize the performance of the system and are based on evidence.

Implementing regional express rail in the region is one of the largest and most complex infrastructure projects in North America. The project affects seven operating rail corridors travelling over 8,000 square kilometres that carry both freight and over 200,000 daily commuters through more than 30 municipalities. Estimates suggest that it will require more than 60 station renovations, 130 bridge expansions, four rail-to-rail grade separations, 150 kilometres of new track, 500 kilometres of overhead catenary, 15 rail-to-road grade separations, property acquisitions, and improvements to GO technology and maintenance facilities.

Work is under way on some projects that support RER, including double tracking on the Stouffville and Barrie lines, and work on the Union Station signaling system. Phasing of RER delivery will consider business case analysis, ridership growth, sequencing of infrastructure projects and other factors, such as integrating with mainline freight rail operations through Hamilton, Brampton and on the Milton corridor.

Metrolinx is a North American leader in the use of comprehensive cost-benefit analysis to shape investment decisions. Since 2012, Metrolinx has continued to refine its analytical framework, as recommended by the Auditor General and subsequently outlined in the investment strategy and the transit advisory panel recommendations.

We are always assessing processes and operations to ensure that we provide the region with the best value for money. For instance, Metrolinx introduced a capital project approval policy in 2013, which requires an upfront assessment of the proposed method of delivery and assessment of project risks and action plans to address the risks identified. We have a good track record of delivering projects across the entire program to within 5% to 7% of the tender price. These financial results place Metrolinx in the upper echelon of organizations delivering major capital infrastructure.

With the growth of Metrolinx programs and the increasing complexity and scale of Metrolinx procurements, we identified the need to transform the procurement function. As we continue to gain experience with alternative financing and procurement projects, we are utilizing our continuous improvement processes to refine our methodologies for AFP infrastructure development. This is evidenced most recently in the Eglinton Crosstown project, where risk factors from the TTC's Spadina subway project were considered in the evaluation of project risk. Metrolinx is committed to the continued utilization of these and other learnings for subsequent major procurements.

The Crosstown is truly a project in its own level of complexity and size. Eglinton has a capital construction budget of \$5.3 billion, which grows to \$9.1 billion when we factor in maintenance and life-cycle costs over the 30 years of the concession term. When you look at the

makeup of the qualifying teams that were bidding on the Crosstown project, they were such a diverse range of domestic and international firms. Basically, they were assembling a significant component of the marketplace in terms of teams that were brought together to respond to those offerings.

The contract for delivery of the Crosstown stations and stops, as well as track works, signaling, communications and other required infrastructure for the new LRT line, reached commercial and financial close this summer. Work will begin on stations in the coming months.

The tunnelling, however, is well under way. In April, the first two tunnel boring machines, called Dennis and Lea, reached Allen Road, were lifted out of the ground and lowered back into the ground east of Allen Road to continue their journey to Yonge Street. The second pair of tunnel boring machines, called Don and Humber, began their journey westward in September, marking another milestone towards the completion of the new LRT. We are on target for completing the tunnels at the end of 2016.

While rail certainly gets a lot of attention, bus service is often the unsung hero of our regional network. We have a bus rapid transit program in two places in the region, including York region for the York Viva rapidway program and the Mississauga Transitway in the city of Mississauga. The first segments of these projects have been opened on time and in some cases ahead of schedule. We're tracking to the delivery of these projects on budget.

We continue to work with our partner transit systems to further strengthen our existing regional transit network.

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Beyond our ongoing work on service integration, we are focusing our efforts on the long-term goal of a seamless, integrated fare for the GTHA. This means that transit travellers across the region would have a consistent approach for calculating and paying their fares, regardless of where in the GTHA they were travelling and which transit service they were using.

Fare integration can be as transformative as infrastructure projects, resulting in better transit choices for customers and a better overall regional transit network. We want to make crossing municipal boundaries and switching between transit systems simple and hassle-free. Our work toward a region-wide fare strategy is key to the success of this major project.

The Presto smart card system lays the foundation for fare integration by offering a common and modern method of payment throughout the region. Presto is a state-of-the-art fare payment system that allows customers to travel seamlessly and more conveniently, in line with cards used in other global cities. Presto is now available on 11 transit systems in the GTHA.

The deployment of Presto devices across the TTC by the end of 2016 brings us one step closer to completing geographic coverage across the entire region. As of this

fall, Presto had 1.7 million customers and continues to add 35,000 new customers per month. As devices are deployed on the TTC, there will be a significant growth in customers, estimated at an additional 1.8 million by the end of 2017-18.

In an ongoing commitment to public accountability, we consulted the firm Grant Thornton LLP for a value-for-money assessment of the TTC project. The overall conclusion was that the implementation approach demonstrates value for money and represents the most effective approach to achieving the long-term objective of integrating transit while minimizing issues/risks and financial costs.

Thinking forward is at the core of what we do. To ensure the sustainability of the regional Presto system, we secured an agreement with the Presto contractor regarding ownership of the Presto and Presto Next Generation systems a few years ago. However, the original 10-year contract with our vendor ends in 2016. We have already begun the process to evaluate procurement options, with the objective of having a new contract in place next year. As a first step, we have moved to in-source various elements and separately procure other elements of the existing contract.

All of our work since 2009 can be linked back to the regional transportation plan and the significant public consultation that was engaged in at that point in time. While Metrolinx and its partners in the region have been working to implement projects and initiatives envisioned in the plan, we have also been conducting research and analysis to ensure that emerging factors are considered in our planning.

It was recognized when Metrolinx was created in 2006 that our regional transportation plan should be regularly reviewed in order to ensure that it continues to reflect the transportation priorities of the region. Last spring, we began the process to formally review the regional transportation plan. Engagement with municipalities and key stakeholders is an important part of this process, and is already under way.

On a project-by-project basis, provincial, regional and municipal stakeholders are routinely consulted as part of project planning, including reporting on a quarterly basis on the status of individual regional transportation projects. We are developing tools and approaches that will help us raise awareness of what we're doing, most notably—

The Chair (Mr. Ernie Hardeman): We'll have to stop you there. Hopefully, the rest of it can be answered in one of the questions.

Mr. Bruce McCuaig: I came close. Thank you very much.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation. We start the questioning with the third party. Ms. DiNovo.

Ms. Cheri DiNovo: Welcome, both of you, to this committee.

The Auditor General summarized a few things in audit findings, and I just wanted to get your initial reaction to them. I'm going to highlight a couple of them.

She pointed out that without long-term, sustainable funding, the regional transportation plan, which was your original mandate—to go back to 2008 with Metrolinx adopting the Big Move, really, your mandate was to provide the regional transportation plan: building more than 1,200 kilometres of rapid transit and getting 80% of GTHA residents within two kilometres of that rapid transit.

She has concluded that without long-term, sustainable funding, this could not be implemented, and that even the \$50-billion estimate may well prove low. That's one of her findings.

The other finding that jumped out at me was that Metrolinx lacked clearly defined targets for the overall achievement of the RTP, and that one of the problems was simply getting buy-in from the municipalities. Municipalities were doubtful that you could actually act objectively as the GTA's central planning authority. What are your initial reactions to that?

Mr. Bruce McCuaig: In terms of the long-term financial sustainability to achieve our transportation plan, there's no question that this is central to achieving the objectives of better mobility for the people in this region.

A significant step was taken with the commitment of the funding by the government of over \$30 billion towards transit and transportation systems across the province, as well as the commitment of approximately \$16 billion here in the greater Toronto and Hamilton area. That became the foundation for the regional express rail program with a capital construction budget of \$13.5 billion. That's on top of the projects that have already been funded in terms of the Eglinton Crosstown, the Mississauga Transitway, the York Viva Rapidway; a good variety—

Ms. Cheri DiNovo: So the money is coming from the government?

Mr. Bruce McCuaig: We have a wide variety of funding committed to projects. Is there more to be done over the remaining 20-odd years of the plan? Absolutely, but we have about 10 years of strong, committed funding that allows us to make significant progress towards the program—

Ms. Cheri DiNovo: Okay, if I could just interrupt there, Mr. McCuaig. The TTC publishes a 10-year capital spending plan showing exactly which projects will be built over the upcoming 10 years, when construction will take place, and how much they'll cost. I've actually asked for this. I asked for this when Minister Del Duca first was assigned that post in the ministry and I asked for that last year from Metrolinx. I didn't get anything.

Why, unlike the TTC, is Metrolinx unable to provide such basic information? This goes to your defined targets and your overall achievements.

Mr. Bruce McCuaig: We have project information contained on our website that goes through all the approved programs and projects that are in the capital budget at this point in time. You can find information on our website that speaks to regional express rail, that speaks to Crosstown, that speaks to all of these other pro-

jects: It identifies the timing for the implementation of the program and the work that we're doing with municipalities and other partners to deliver on those projects. We do—

Ms. Cheri DiNovo: The sad reality is that we looked at the website and we didn't find it there.

Moving on, the government plans to spend about \$16 billion on Moving Ontario Forward projects within the GTHA over the next 10 years, but according to the Globe and Mail, the government has found only half of the permanent revenues needed to fund these commitments. Where is the other half coming from?

Mr. Bruce McCuaig: From my perspective, what's important to Metrolinx is that the province has committed \$16 billion towards our program. In terms of how the province determines its priorities in terms of funding that, maybe I'll refer to the deputy minister to speak to that component.

Ms. Carol Layton: Sure. I can give assurance that that full amount has been accommodated in the fiscal plan. We do the fiscal planning on a multi-year basis, and capital planning on a multi-year basis as well. The funding for Moving Ontario Forward is coming from a number of sources, some of which are, for example, dedicated gas tax funding, which was announced in the budget, and there are some other sources—some new revenue sources as well, as well as the fact that the government will be accommodating it through its ongoing fiscal planning and its borrowing program.

Ms. Cheri DiNovo: Okay, so the Globe and Mail is incorrect on that?

Ms. Carol Layton: The Globe and Mail could be better informed.

Ms. Cheri DiNovo: They'll be happy to hear that.

I'm going to start in on the Union Pearson Express. It rides through a number of our ridings. It doesn't provide transportation to our residents. It could have provided a relief line; it could have stopped a number of times; it could have been powered by electricity instead of diesel; it could have had sound walls put up to protect our residents from the noise of construction, the damage to their homes and now the bells that ring every 15 minutes.

But that's not what I'm going to talk about. What I'm going to ask is a very simple question: If I'm a business traveller and I need to get from the airport to anywhere in Toronto and I get to write off my travel expenses, as we do and as most business travellers do, why would I take the Union Pearson Express?

Mr. Bruce McCuaig: I think the key value proposition that Union Pearson Express offers is a number of factors, the first one being reliability. You get a committed trip in 25 minutes from downtown Toronto—

Ms. Cheri DiNovo: A cab is pretty reliable, and it's right there.

Mr. Bruce McCuaig: —in 25 minutes from downtown to Pearson, and we've all gone in a cab or a limousine or a personal vehicle from downtown Toronto, and we always have to project—

Ms. Cheri DiNovo: It's not point-to-point. Unless you live at, or your aim is, Union Station, it's not point-to-point.

Mr. Bruce McCuaig: I think my point is that from downtown Toronto, for the first time, we have a reliable travel time that we don't have to budget an hour, hour and a half, two hours, depending on the time of day, to get from downtown Toronto to Pearson airport. I believe that's a significant factor in reducing the stress of people who are travelling, whether it's for leisure or for business purposes. So I think that's one clear value proposition.

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A second value proposition is that it's not dependent upon external factors, like if there was a collision or crash on the Gardiner Expressway that morning or whether there are weather conditions that slow up traffic. It's, again, that committed trip that provides you an extension of what your air travel experience is, so that it reduces—we all know that travel is one of the most stressful things that we can do. It helps to reduce that amount of stress in terms of that trip of coming to your destination.

The final thing I'll say is that Toronto is a global city. When we look around the world at other global cities, dedicated air-rail links from their airports to their downtown are part of the equation. When we look at places like London, Vienna, Oslo, Tokyo, all those kinds of locations have these kinds of dedicated air-rail links—

Ms. Cheri DiNovo: I'm going to interrupt you again there, sir. They do and they're cheaper and they also have transit systems that provide relief lines through their downtown to the people who live in the areas that those trains pass through. So it's very, very different—apples and oranges.

What is the forecasted annual operating cost of the Union Pearson Express?

Mr. Bruce McCuaig: I don't have that information with me, but—

Ms. Cheri DiNovo: Could we make a note to please get that information, Erica? Thank you. How much of this is basically fixed and how much is variable depending on the ridership? I also would like that information, if I could get it.

I just want to point out that it's rather surprising that you don't have the annual operating costs of the Union Pearson Express. Is this not pretty basic information? I don't know. Call me crazy, but I think it's pretty basic information.

The Metrolinx May 2013 ridership report posted on its website inexplicably redacts the fare information against which ridership was projected. But thanks to Bonnie's report, we now know that this ridership forecast was based on a \$29.95 fare. We also now know that the actual Union Pearson Express fare is \$27.50, with several other discounts available. The ridership forecast expected 1.81 million passengers a year in 2016, based on that \$29.95 fare, and 1.81 million passengers per year is about 5,000 passengers per day, which remains your goal for 2016, according to the report.

Am I right, then, in understanding that Metrolinx's ridership forecast remains unchanged from the May 2013 numbers, even though you've reduced the fare?

Mr. Bruce McCuaig: Yes. Our objective continues to be that we will achieve 5,000 average daily passengers by the end of the first year of operation. That continues to be the objective that we're working towards for June of 2016.

Ms. Cheri DiNovo: Okay. So far, though, ridership has fallen to about 2,500 riders per day. On page 498 of the Auditor General's report, Metrolinx told her last year that it hopes to break even when the system reaches maturity by 2018. However, the September 2015 report says that Metrolinx now expects to reach maturity in the next three to five years, which is more like 2020. Am I correct, then, in understanding that the maturity date for the UPX has been pushed back by two years?

Mr. Bruce McCuaig: Absolutely not. I think that I can say that I have consistently communicated that we're working towards ramping up our ridership over a number of years. Like any new service, it takes time to build awareness. We can just think of our own experience in travelling to the airport. Until you try a new system, you continue to take whatever has worked for you in the past, whether that's getting there in a taxi, limousine or a car. We believe that, as we increase our exposure in the marketplace, we'll have growing ridership and, over three to five years, we'll be coming to the point—

Ms. Cheri DiNovo: Even with the shared ridership of competitors like Uber—much as we're trying to regulate them—and getting close to \$60 for two people going on a leisure trip who could easily travel cheaper, again, in a cab coming from downtown—I pointed out the business traveller. The simpler reality is that these, as they're called now in our ridings, "ghost trains," are passing through virtually empty. But anyway, we'll continue on. When will it break even? When do you project that it will break even?

Mr. Bruce McCuaig: To be clear, we offer a \$19 fare for people who are using their Presto fare card. When you think about the average cost of a taxi or limousine from the Royal York, right in downtown Toronto, to Pearson, it is in the order of \$60 to \$75. We believe that we're providing a very competitive alternative that will attract people to the service. Again, our objective is to—

Ms. Cheri DiNovo: If you're staying at the Royal York. If you're staying anywhere else, not so much. But let's go on. Could you please tell us when you expect to break even?

Mr. Bruce McCuaig: As we've articulated before, our objective continues to be to achieve 5,000 average daily riders by June 2016 and to achieve cost recovery on the operating side in the first three to five years of operation.

Ms. Cheri DiNovo: So if you get 5,000 riders, you'll break even, but what happens if you don't?

Mr. Bruce McCuaig: Again, to achieve break-even status in the first three to five years, 5,000 riders will not get us to a break-even point. But we do anticipate that if

we meet our ridership objectives over that three-to-five-year period, we will not have any operating costs coming from the rest of the network or the system.

Ms. Cheri DiNovo: What is your deficit going to be in this first full year of operation?

Mr. Bruce McCuaig: Again, I didn't bring that information with me.

Ms. Cheri DiNovo: Again, I would point out to the committee that that's pretty basic information that we should have. If you're operating anything, you need to know what it costs, and you need to know what you're losing and what you're gaining. I definitely want that information. That should be forthcoming. These are taxpayers' dollars we're talking about.

Moving on, I wanted to talk about some of the bigger issues here. How many minutes do I have left, Mr. Chair?

The Chair (Mr. Ernie Hardeman): You have about seven and a half minutes left.

Ms. Cheri DiNovo: Oh, cool. I want to move on to the Eglinton Crosstown. How was the public sector risk assessed for the Eglinton Crosstown P3? Did Metrolinx and Infrastructure Ontario use the TTC's actual performance as a comparator or GO Transit's or some "industry standard"?

Mr. Bruce McCuaig: We reviewed the performance in other similar projects, such as the Spadina subway extension, to identify the kinds of risk factors that can be experienced in projects of this nature. Our objective was to make sure that the value-for-money assessment that was considered by Metrolinx and Infrastructure Ontario, and ultimately the province of Ontario, reflected the full range of risks that could be experienced in terms of schedule, in terms of budget and in terms of other factors, and try to price those risks between a public sector delivery model versus an alternate finance and procurement delivery model. So, all those factors were built into that process.

Ms. Cheri DiNovo: Okay. I want to note to the committee that we in the NDP asked to see the detailed risk assessments used to justify P3—that is, private-public partnership—procurement for the Eglinton Crosstown, as well as the methodology for assessing those risks, and we got back 2,500 blank pages. Instead of 2,500 blank pieces of paper, I would like to see what those risk assessments were, how they were assessed, etc.

How can we confirm that Infrastructure Ontario is actually refreshing its methodology when, again, it refuses to disclose that methodology to the public?

Will Metrolinx and Infrastructure Ontario publish the detailed—this is further to that—risk assessments and methodologies showing where the numbers and the published value-for-money summaries come from, so that independent experts can replicate the results and prove that these numbers haven't just been pulled out of the air? Are you willing to do that?

Mr. Bruce McCuaig: We believe that the methodology that has been used is a comprehensive methodology, and we continue to look, again, at other jurisdictions to see how they've done this kind of work, to make sure we

can continue to import lessons from other places. We believe that we're using a comprehensive methodology. I accept that—

Ms. Cheri DiNovo: Mr. McCuaig, I would love to believe you, but without anything to back up anything you are doing to arrive at those figures, we don't even know what methodologies you're using. These are taxpayers' dollars. I'm going to reiterate this: You're working for us, so we would like to actually see those. We would like not to have blank pieces of paper but would actually like to see those. If you could provide them—and provide them to the public that pays your salary—that would be wonderful.

In fact, just to make the point, we don't even know the true scope of the Eglinton Crosstown contract. Not only has the contract not yet been published, but the RFP has not been fully published, including the schedules that outline the scope of the contract. So I'm going to ask you this too: Will Metrolinx make the contract and the full RFP available to the public? And I would ask that from Erica as well.

Do I have some time?

The Chair (Mr. Ernie Hardeman): You have about four and a half minutes.

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Ms. Cheri DiNovo: Okay. Yet another question: Under the Eglinton Crosstown P3 contract, a private contractor will be in charge of maintenance for 30 years, but I understand that Metrolinx has offered to let the TTC operate the Eglinton Crosstown for just 10 years. The question is, what happens after those 10 years?

Mr. Bruce McCuaig: Our objective is to build a performance-based contractual arrangement with the Toronto Transit Commission that will set in place the kinds of performance standards—the level of service that we would expect to provide to our customers. That would be based upon a negotiation that we would have with the city of Toronto and the TTC.

We think a 10-year term is an appropriate initial term for operating, and provides the opportunity to have a review of those contractual arrangements after a 10-year horizon. An operating environment is a different environment than the long-term maintenance of a facility. We believe that the long-term maintenance of a facility—you can plan ahead over a 20- or 30-year concession period, include appropriate provisions for the hand-back in good quality at the end of the concession. We believe it's a different kind of arrangement that you would put in place for maintenance than you would for operating.

Ms. Cheri DiNovo: Going back to one of the auditor's findings about your relationship with municipalities and the ability to get together on projects and to get anything in the works at all—again, I'd like to hear how that's going to change in the future.

Mr. Bruce McCuaig: I would just look at our track record in terms of delivering the Mississauga Transitway and the York Viva rapidway in Markham, and our work in terms of delivering more GO Transit service. We've

been growing GO Transit bus and rail services at 4%, 5% or 6% year over year.

Ms. Cheri DiNovo: What about the city of Toronto, though? What about the Scarborough LRT versus subway?

Mr. Bruce McCuaig: We have the Eglinton Cross-town that's under construction right now in the city of Toronto, and we're working to bring to market the Finch West light rail transit project as well.

So we have a variety of places where we're making what I believe to be great progress.

We have 26 subway stations that are Presto-enabled at this point in time, and by the end of this calendar year we'll have the entire legacy streetcar fleet Presto-enabled.

We are working in partnership with the municipalities across the board to deliver what I believe are really good results for customers.

Ms. Cheri DiNovo: One last quick question before my time is up: What is the current anticipated cost of developing and operating the original Presto system and the Presto Next Generation system?

Mr. Bruce McCuaig: The original capital cost for operating the initial system was \$189 million for GO Transit and 905 properties, and that basically is the cost that it was delivered for.

In terms of Presto Next Generation, the additional cost of keeping the system up to date over the 10-year period was an additional \$187.1 million.

Ms. Cheri DiNovo: Is that what you projected originally?

Mr. Bruce McCuaig: The \$189 million was the original cost of the deployment to GO and 905, and that's what it was delivered for. The \$187.1 million was a negotiation based upon the kinds of additional services that we wanted to build into the system. For example, when the initial contract was procured in 2005-06, there was really no scope or understanding of features like open payment and mobile payment. They weren't really in the marketplace at that point in time. So those were new elements that could not have been estimated because they were not forecasted in the—

Ms. Cheri DiNovo: You're aware the Auditor General called it the most expensive system of its kind in the world. What do you think about that?

Mr. Bruce McCuaig: Well, my view is that when you look at similar systems in scope, in size and the number of agencies that are involved—remember that this is a service that operates in an environment with 10 transit agencies here in the Toronto region, one in Ottawa. When we look at places like London and the Netherlands that have similar scope of services, they have similar costs or higher costs in terms of the delivery of their Oyster card, or their chip card, in the case of the Netherlands.

Ms. Cheri DiNovo: She also said the cost—

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes the first 20 minutes—

Ms. Cheri DiNovo: Oh, we were just getting started.

The Chair (Mr. Ernie Hardeman): I just wanted to stop on that one. We're going to have a look at the Netherlands, and I like that idea.

The government side: Mr. Fraser.

Mr. John Fraser: Thank you very much for being here today.

I want to talk about two of the Auditor General's recommendations here. The first one I want to talk about is number 10, and that's with issue to municipalities: How do you do regional planning and effectively build cities? Transit is really the heart of city-building if you look at it the right way. We just saw what happened in Brampton recently.

I come from the city of Ottawa. I know you're aware, Mr. McCuaig, that we had a north-south light rail project, where the municipality, at the behest and with the support of the federal government, cancelled a plan that was a few years in the making and set back transit planning in the city about five years.

I see the recommendation. How do you actually make that work? The vagaries of having a number of elected bodies that change on a regular basis—sometimes, and maybe not fully change—how do you manage through that?

Mr. Bruce McCuaig: Thank you for the question. I would say that there are a couple of ways in which I would respond to that.

First of all, it's the nature of how you approach the planning in the first instance and how you engage with the municipalities and the communities that are involved in the ultimate delivery of the project. We have to remember that we are building transit systems that are going to operate on municipal roads, under municipal roads and in municipalities, shaping their communities, so we need to make sure that when we're developing the plans, we're working in close partnership with the municipalities. I think that is the most important point, right off the start.

The second point I would make is that making your planning as evidence-based as possible, with a compelling narrative and a business case of why this project, over time, makes the most sense, is one of the reasons why we've invested so much in developing business case methodologies for the work that we do at Metrolinx and have applied, for example, in the regional express rail program. If we can develop a compelling and agreed-upon business case, so that people can see what is the value that's going to be generated, then I think that there is a greater likelihood that we will sustain the support of what is, in many cases, four orders of government over four, five, seven, or in some cases even 10 years, to deliver a project.

The final thing I would say is that the more we can look forward in terms of our decision-making processes—as governments make choices, I think it's important for governments to be thinking about what we are adding to the mix and about how we can contribute and add more infrastructure and services for customers, rather than necessarily going back and reviewing what choices

have been made in the past. I think that if we can have a consistent path forward, the public will feel more confident that we are actually making a real difference in terms of adding more choices and adding more infrastructure to deliver more services.

Those are a few factors that I think are really important.

Mr. John Fraser: Thank you very much. Just as a quick comment: When we're looking at transit—I know we're looking at immediate impacts right now, and I want to talk a bit about the UP Express—it's a bit like planting a tree. You don't plant the tree for next year or three years from now; it's really 15 or 20 years.

When I take a look at the example in Ottawa of the O-Train, which I think is about 15 years in existence, I know that when it was first discussed they called it the “cuckoo choo-choo” or the “no-train.” It was the subject of a lot of derision. The reality now, 15 years later, is that in my community it has developed an area of student housing. It has connected people better to the downtown. They've put additional track in. They've added more trains.

Back to my point—I want to bring this back up again when we discuss the UP Express—that sometimes we don't see the results of what we're doing for longer than we actually put our numbers on.

Two comments about the UP Express: I have taken the UP Express. I actually used to take the Rocket and the subway, because I didn't want to spend 45 minutes to an hour in a cab early in the morning and spend \$60 or \$70. I felt it just wasn't a good use of resources. Subsequently, I do fly to the island more than I go to Pearson, but it has allowed me to go back to Union-Pearson. My choice was to either go to the island or take the train and then Pearson. That's how it fell for me, and that made that difference. I think that there's value in it.

I do have a concern with regard to increasing that ridership, but more specifically at the airport itself. I found some challenges around how easy it was to locate, to see. That might be a bit of a factor for me, but I like to look at myself as the average person. Has that been something that you've looked at, a concern that has been raised or something that you're addressing?

Mr. Bruce McCuaig: Thank you for that question. First of all, I would agree with you that we're building legacy infrastructure that's going to serve this community for 30, 50 or in some cases 100 years. The first five months are the first five months. It's really important to get services off the ground effectively. I think that we have done that with the kind of performance that we've seen with the service.

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But we're building ridership for the long term. Any time you introduce a new product, you're introducing that new product to a marketplace, and it takes time for a marketplace to respond.

In terms of way-finding and the signage, or the location of the Union Pearson Express station at Pearson airport, one of the critiques that we have received from

our customer base is that the airport is a complicated place—I think we all know that. Particularly if you're coming from another jurisdiction and it's your first time to the Toronto region, navigating the airport itself can be challenging.

We've worked very closely with the Greater Toronto Airports Authority to take what was our original plan for way-finding and enhance it as we got some feedback from our customers. We have invested significantly with the airport authority to improve the way-finding. As we've done that, we've found that that area of feedback has virtually been eliminated. More and more people feel comfortable, I believe, because we have not been getting that feedback from customers. It's more easily findable within the airport.

We've also done a couple of things at the airport itself. We have opened up a booth that's right in the arrivals hall in Terminal 1. As soon as people come out of the baggage claim area, there's a booth right there for Union Pearson Express, so that people can go right up to it, find out how to get to the station, purchase their ticket and get information on how to navigate into the city. We've also put mobile sales positions in the baggage hall itself, so if people want to approach a staff person to purchase a ticket at that point, then we're giving them that option as well. So we're trying to make it as easy as possible.

The last thing I'll mention is that we've also worked out an arrangement with Air Canada so that, on their longer-haul flights, they will actually sell Union Pearson Express tickets on the flight itself as they're selling other products to the people who are on the airline. We're building partnerships with other airlines to have similar kinds of features.

We're trying to make it as easy as possible for the public to find out about the service, purchase access onto the service, and to navigate their way to get to the station itself.

Mr. John Fraser: Thank you. Very quickly—I think my colleagues have a few questions as well—I come from a retail background. That change in customer behaviour is a challenge for all businesses, governments and transportation organizations.

But I want to ask you a question about your ridership numbers and the level of confidence that you have in ensuring that you're going to meet those numbers, and any comments you have around that.

Mr. Bruce McCuaig: Absolutely. As I indicated in my opening remarks, we've seen a growth of 12% in our weekday ridership since the summer. We've been trying to track our ridership against what's happening at Pearson airport as well, because as you can imagine, as the air traffic volumes increase or decrease in different seasons of the year, so will our traffic increase or decrease. We've been seeing that our growth is mapping with the airport's changes as well.

We are confident, as we build more awareness of the service, that we will grow our ridership. The feedback that we get from the customers who have used the service is that once they've tried it once, they are coming back to the service.

We are offering a variety of different marketing opportunities to introduce people to the service for the first time. For example, over the balance of this calendar year, we're offering a "buy one, get one free" offer for customers. The whole idea is to introduce people for the first time, to make that first trip, so that once they've experienced the service, and experienced the reliability, the reduction in travel time, the quality and the comfort of the service itself, they'll keep coming back to it. Not only that, but they'll talk to their friends and family about it as well.

A key part of this is building relationships with large purchasers of tickets, whether that's employers or conventions. We've signed deals now with about 70 companies where they are marketing the product to their employees, as well, because they see the benefit, both from a time and a financial perspective, in terms of getting people to and from Pearson airport as quickly as possible.

Mr. John Fraser: Thank you very much.

Mr. Bruce McCuaig: Thank you.

The Chair (Mr. Ernie Hardeman): Mr. Dong?

Mr. Han Dong: I'm always ready to go when it comes to Metrolinx. It's very important for my riding of Trinity-Spadina, as you can imagine. There are a few concentrations of residents.

I want to talk about the TTC/GO fare pilot program that you introduced recently. I have to confess that when I first heard about it a year or so ago from the local councillor, I wasn't sure how well it was going to do, what kind of relief it would give to an area like Liberty Village. After I heard about how much it is, how exactly it was going to work and, later on, the news reports on that, I couldn't help but start wondering, do we have any plan going forward—I understand it's a pilot project, and that's why we call it "pilot": Let's test the water and see what works and what doesn't. What's the plan for next steps? I ask this question not just for myself, but also on behalf of the Liberty Village BIA. I met with them recently. They were quite concerned about getting people into and out of that area. They think it's a good tool, and if we price and market it right, it may work for the area.

Mr. Bruce McCuaig: Thank you for the question. Yes, last winter we launched a pilot where there is an integration option between the TTC and GO Transit in terms of the fares. Basically, the way it works is that people who have a Metropass—and we purposely scaled this pilot, because pilots are just that, pilots and on a small scale, to Metropass owners. It's not people who are using tokens, tickets or other means of accessing the TTC, but the Metropass owners, those who are travelling between Exhibition station and Union Station and between Danforth station and Union Station, to have a reduced GO fare when using a Metropass. The way it works is they basically purchase a sticker that goes on top of their Metropass.

We expected that it would be a relatively self-contained pilot, and it has proven to be, but we've gained important knowledge about how people value the time

and convenience factor of having a quicker, less congested trip into downtown Toronto with the price, and that goes into our thinking in terms of the work that's under way on fare integration more generally in the region.

I would say the pilot has done its job in terms of introducing a new kind of product and determining what kind of take-up we get from the public on it. It's given us some valuable information in terms of, as we move ahead with our plans to develop a proposal for regional fare integration, how we actually make that work between the TTC, which has a long history of having a flat fare across the entire city of Toronto, and GO Transit, for example, that has a fare-by-distance approach. We need to find a way of, how do we bring those two systems together effectively? So we're getting knowledge on that.

We reported to our board of directors in the fall in terms of our work on regional fare integration. Our plan is to take two or three models out to municipalities and transit operators in the public over the course of the winter and to bring some advice back to the board in the spring in terms of how we might move ahead with regional fare integration.

The big payoff for the Presto system, for example, is not only more convenience in how we use the system by having a card in our purse or wallet; one of the key benefits of the Presto system is moving ahead, having a foundation for a more integrated regional fare structure. I see this as a very transformative opportunity for how people navigate around this region going forward.

The pilot was a test of a certain arrangement. We're going to take the lessons from that test and hopefully apply some of those lessons as we come forward with our recommendations for a broader strategy for the region.

Mr. Han Dong: Thank you. I always feel that there has to be a mixed bag of tools to bring forward a solution to the congestion in that downtown area. If crafted right, this could be a very useful tool, so I encourage you to look into making sure it's affordable and it's feasible, because at the end of the day, it doesn't matter which level of agency is charging; the ratepayer is the same. They just want to get to work and back to their home in an affordable and timely fashion.

Thank you very much for the answer.

Mr. Bruce McCuaig: Thank you.

Mr. Han Dong: I'll pass it on to my colleague.

The Chair (Mr. Ernie Hardeman): Ms. Lalonde.

Mrs. Marie-France Lalonde: Thank you very much. I just wanted to share a little bit of my experience about UP Express. My riding is Ottawa-Orléans. Unfortunately, I couldn't fly to the island, so I had the great pleasure of going to Pearson. My return was also at Pearson, so I used my Presto card, and I was very happy that for \$19 I was able to get there. Actually, I was able to catch an earlier flight because of the excellent service that was given and provided.

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I also have to say to the member opposite that it was interesting when she commented on the cost, because I

had the great pleasure for the past 15 years of travelling abroad to London and Vienna, actually just recently, and if you compare £27 at \$2 a pound—about \$1.95; it depends on the exchange—you're looking at about \$54 or \$55 Canadian, which I had to pay from Heathrow to downtown London.

I think Toronto is a significant city when you talk about travellers. We definitely need the members of this Legislature, I think, to speak about it and maybe stop using Uber and start using public transportation. Having said that, what are the comments coming, in terms of general comments from people using—am I little bit biased right now because I really love that service? It has been actually very well received for me using it. So I'm wondering about comments that have come recently from consumers.

Mr. Bruce McCuaig: Again, as people have used the system, as they've learned about the reliability, the comfort, the door-to-door kind of service, the fact that if you're on the underground PATH network in downtown Toronto, you can actually get to Pearson without going outside, which in February is a pretty attractive thing to do in the city of Toronto, the feedback that we've gotten is that people are content and satisfied with the \$19 Presto fare.

I'll just make one other comment about the Heathrow Express, which is much more expensive than \$19 for a one-way trip. You don't actually get to downtown London. You have to actually then go onto the underground to get to downtown London. That's another fare on top of the Heathrow Express.

We're bringing people right into the downtown area. It's a very accessible location. In fact, in the greater Toronto and Hamilton area, the most accessible location that we have is at Union Station. Between the access to the downtown, the subway, Via service, the highways and the intercity bus companies, it's the most accessible location.

We've also forged partnerships with Via Rail, for example. Via is a sales agent for us for the Union Pearson Express. We are getting people who are booking their Via ticket from a city who are coming into Pearson for their flight out, and they're packaging it up with the Union Pearson ticket. In fact, I was walking through Union Station just recently and I met up with a family member who happened to be coming from Ottawa to catch a flight and that's how they were making the trip.

We believe that there is a lot of value proposition that we can add to make people's trip just that little bit easier.

Mrs. Marie-France Lalonde: It definitely impacted me very positively, so congrats.

The Chair (Mr. Ernie Hardeman): That concludes your time. We now go to the official opposition: Mr. Harris.

Mr. Michael Harris: Good afternoon, Deputy, and Mr. McCuaig.

Also on the UP Express, the audit's findings were that Metrolinx's initial assumptions about projected annual ridership may well have been overly optimistic. Would you agree with that?

Mr. Bruce McCuaig: We believe that our findings—as presented by the third-party forecasters who did the work for us based upon their experience in other jurisdictions, as well as what was expected to happen in this marketplace—were reasonable forecasts. We redid those forecasts, I think, three times over the course of the three-year period as we were approaching the launch of the service. By and large, the forecasts did not change, even though we actually used different consultants for one of those series of forecasts.

We did try to take what I think was a prudent risk-based approach by updating the forecasts a number of times through the process and bringing in not just one independent party but other independent parties to provide their advice.

Mr. Michael Harris: The recommendations in the Auditor General's report talked about the fact that Metrolinx should work with the ministry to clearly define the business model under which the air-rail link should operate to ensure that the ARL will be a viable and sustainable operation. Given the importance of having a reliable estimate of projected ridership at the various possible fare levels, Metrolinx should periodically update its ridership forecast. Have you done that?

Mr. Bruce McCuaig: Yes, we have.

Mr. Michael Harris: How many times have you done that?

Mr. Bruce McCuaig: After the Auditor General's report, we did a further update, which actually informed the business model that we took to the Metrolinx board of directors in December of 2014. That was also the information that was brought forward to the provincial government for the approval of the business model as well.

Mr. Michael Harris: When was the last time that you updated those ridership numbers?

Mr. Bruce McCuaig: At that point—December 2014—in advance of that was the last time that we updated the business forecast. We believed, at the point, that the most relevant numbers would be actual ridership. Between December 2014 and the launch in June 2015, we felt that the most important thing was to see how the product was received in the marketplace.

Now that we're starting to get real live data, we will continue to go back and refresh to see: Are the original forecasts that took us out to 2020/2025 still as they were forecasted at that point or do they need to be updated?

Mr. Michael Harris: When do you plan on doing that next ridership forecast—or update it, rather?

Mr. Bruce McCuaig: We would typically look at updating these kinds of ridership information on, I would expect, an annual basis. So I would expect, over the course of 2016, that we would be updating the ridership information, given that we launched the service in June 2015. So next year, we would be updating the ridership information again.

Mr. Michael Harris: Given the importance of having a reliable estimate of projected ridership, I'm wondering if you can give us a year-by-year projection of ridership

over the next five years. I'm not sure if you have that handy, right here, for the committee or if you could provide to the committee the projected ridership over the coming five years.

Mr. Bruce McCuaig: Again, we had indicated a forecast where we would be recovering our operating costs in three to five years. We had anticipated that we would be achieving our mature ridership values in year 3, 4 or 5 and that we would be approaching about 90% in year 3 and about 65% in year 2. Again, those are the kinds of numbers that we would be updating, as we have now the experience in terms of the actual ridership levels.

Mr. Michael Harris: Can you share with the committee today the ridership numbers per month since the start of the express?

Mr. Bruce McCuaig: I don't have that. The way the ridership numbers are actually reported—because, of course, we're selling tickets through a whole variety of different channels, from Air Canada, as I explained, to VIA Rail to our own sales agents to online tools, we actually get the real sales numbers about four weeks after the end of each month.

Mr. Michael Harris: Yes, but don't you calculate how many people are on the train per day per month? Doesn't Metrolinx provide—

Mr. Bruce McCuaig: We can provide information in terms of the actual revenue data from June to the end of October—

Mr. Michael Harris: I'm not so much concerned about revenue; I'm concerned about how many actual bodies are getting on the UP Express per day per month since its inception. If you can provide to the committee how many people have actually taken the UP Express to the airport or back for the last few months—you said June, right? We're now in November.

Mr. Bruce McCuaig: Yes. For example, in June, we had about 71,000 customers who used the service. In October, we're at about 80,000 customers who are using the service. We can provide that information month by month between June and October. It's based on real data in terms of the revenue information, which is then translated into rides.

Mr. Michael Harris: Are all those 70,000 or 80,000 paying customers?

Mr. Bruce McCuaig: Yes.

Mr. Michael Harris: They're all paying customers?

Mr. Bruce McCuaig: Yes.

Mr. Michael Harris: So you don't calculate the people who are riding the UP Express potentially as employees or promos or anything like that? That's not calculated into your numbers?

Mr. Bruce McCuaig: No. We believe that these numbers are the most accurate because they are actually based on the revenue that we're collecting, as opposed to—we do have what are called automatic people counters that are built into the Union Station station, but those counters count every person who gets on and off the train. Of course, we have staff who are getting on and off the trains. They provide a very rough estimate;

they're not indicative of actually revenue-paying customers.

Mr. Michael Harris: There have been some reports that often trains are leaving with only 14 riders. Can you tell us if that, in fact, is the case?

Mr. Bruce McCuaig: I would say, like every transit service, there are peak periods and non-peak periods. I was going by a TTC streetcar the other day at 7 o'clock in the morning that had five people on the streetcar.

There are peak times and non-peak times. In our peak periods, we are seeing ridership that is indicative of a peak period. You actually plan and build transit services to address peak demands, not off-peak demands, because the peak is when you have the highest congestion, the highest demand for the service. Yes, that means that in off-peak periods, whether you're a GO train, a TTC subway or a Union Pearson Express train, you have lower ridership.

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Mr. Michael Harris: I know the NDP asked about the operating costs of the train, the facility and the staff, all in on an annual basis. I think you've already committed to providing that to the committee, so I'll skip that one, but I wanted to also make sure that that was clearly an ask for Metrolinx.

Also, the auditor indicated that if operating on a break-even basis was the objective, achieving that may not be feasible. Does Metrolinx still consider the same break-even proposition?

Mr. Bruce McCuaig: Our objective continues to be to build ridership to the point that we recover our operating costs in three to five years. That's our objective, and we still believe that that's an achievable outcome.

Mr. Michael Harris: I mean, we're going into—what?—almost six months of UP Express, so half of its operation for the year. We're seeing numbers of around 2,500, so half of what your projected ridership is of the first year. Can you tell the committee what you figure will happen over the next six months that will triple ridership to actually meet your goal of 5,000 riders per month? What are you going to do in the next six months to triple the ridership?

Mr. Bruce McCuaig: First of all, I think it's important to realize that as a new product, we're gaining experience from other people who've gone through the same process. We have been speaking to Heathrow Express, the South African system that's recently been launched, Vienna, Tokyo and other organizations to find out what their experience was. What we learned through that discussion is that our experience is really no different from the experience in other jurisdictions: that there is a normal ramp-up period for these kinds of services because you're introducing a new product to the marketplace.

What we took from that is that a key objective that we need to achieve is awareness. We need people to be aware of the service. They need to understand how to access the service. They need to be incented to try it for the first time. So that goes to our work in terms of marketing.

If you've walked through the PATH system anytime in the past few months, if you've gone through Pearson airport in the past few months, you will see that we have done a significant effort to try to introduce people to the fact that you can actually take a train for the first time between these locations.

Mr. Michael Harris: I think a big part of the ridership is obviously the fare price. The auditor also notes that in January 2014 Metrolinx announcements on fare options identified a single adult fare of \$29.95 for a one-way trip. Obviously you've talked about the Presto card and the reduced rate for that, but given that, according to the Metrolinx 2011 market assessment of GTHA residents, "nearly 75% of respondents who were GTHA residents also indicated that they would not be willing to take the Union Pearson Express at a cost of \$22.50 or more. As well, 60% of visitors and 90% of airport employees would not use it at a cost of \$22.50 or more," can you tell the committee why Metrolinx would settle on a price point beyond the level of \$22.50?

Mr. Bruce McCuaig: Well, again, I would point to the fact that we actually introduced, in terms of the product offering, a \$19 Presto fare. That really is targeted at people who live and work in this city, in this region, because they're the ones who are more likely to have a Presto fare card, and it allows them to have access to the service at a lower rate than \$27.50, which is the base fare. The other piece that we implemented—

Mr. Michael Harris: On that note, can you provide to the committee, in the last six months—or whatever we've had; close to six months—the percentage of users who actually rode the UP Express on a Presto card fare, as well as the regular fare of \$29.50? You'd have to have that number, I'm assuming. With sales revenues, you'd be able to break that out, right?

Mr. Bruce McCuaig: We do collect that information, yes.

Mr. Michael Harris: Okay. So if the committee could also receive that. Sorry to interrupt, but I just thought I had that and I wanted to be sure.

Mr. Bruce McCuaig: And I want to just add that the other important part of the fare policy that we did implement was a significant discount for airport employees, because of course they're the ones who are using and accessing the airport on a regular basis, sometimes on a daily basis. So we did provide a significant discount for people who are airport employees, and that accounts for about over 20,000 people who access the airport on a daily or a regular basis.

Mr. Michael Harris: Now, I know you talk a lot about London, but we like to compare the service with Vancouver and Chicago, which offer similar rail links for \$10. Obviously Ontario decided to head in a different direction. Why was that the case? If you compared Vancouver and Chicago with Toronto, why so much more?

Mr. Bruce McCuaig: I think the value proposition that is embedded in the Union Pearson Express is a dedicated air-rail link. A lot of the other services, like

Vancouver or Chicago, are transit systems that happen to have a station at the airport. That provides good access to those communities, but there are consequences to that.

I was in Vancouver about a week ago. I took their service to the airport. When you're travelling in peak periods with luggage, it means you are travelling in a very congested, crowded car. That makes it less attractive. It doesn't make it an attractive welcome to people from other jurisdictions to your city and your region.

Mr. Michael Harris: Do you happen to know what an Uber ride would cost from Union to Pearson? Do you have any idea what you're looking at with UberX?

Mr. Bruce McCuaig: The challenge with Uber is that they actually vary their price depending upon congestion and time of day. So it's hard to actually say what an Uber price is. They also have different levels of Uber service.

Mr. Michael Harris: If you're not under surcharge pricing, do you actually know how much it costs?

Mr. Bruce McCuaig: No, I've never taken Uber from downtown.

Mr. Michael Harris: All right. I don't know either.

Interjections.

Mr. Michael Harris: I've taken many Ubers, but not from Union to Pearson.

Has there been any consideration at Metrolinx to actually lower the fare?

Mr. Bruce McCuaig: We are five months into the launch of a service that has a 75-year service life. We want to build the ridership. We believe that we have a great product that people will take in growing numbers as they become introduced to it. So our focus is building awareness and introducing more and more of the public to the service.

Mr. Michael Harris: I'm wondering if there has been any discussion from your ministry with regard to the price.

Ms. Carol Layton: No. Bruce has just said that we're five months into a 75-year service life. This is very, very early days, and we're very comfortable with the progress on the Union Pearson Express.

Mr. Michael Harris: There was a staff report suggesting that the city of Toronto was considering absorbing the UP Express as part of the SmartTrack plan. Has Metrolinx been in discussions with the city of Toronto pertaining to that?

Mr. Bruce McCuaig: We have had no discussions with the city of Toronto.

Mr. Michael Harris: Has the ministry in fact had discussions on that particular subject?

Ms. Carol Layton: No discussions at all.

Mr. Michael Harris: Okay. I've got, I think, six or seven minutes—six minutes.

Presto: Since the 2012 audit, there have been, obviously, a lot of developments on the Presto and Presto Next Generation fronts. In the audit, a region-wide integrated transit fare system was one of the plan's key strategies, but the card has not facilitated fare integration, because fare structures across GTHA transit systems were themselves not integrated.

Can you tell the committee what the overall usage of Presto is, at this point, on GTHA transit systems?

Mr. Bruce McCuaig: At the time of the audit in 2012, usage across the greater Toronto and Hamilton area was 18%. We're currently at a level of 54.5% across the region. That does not include the TTC numbers because, of course, we're in the process of rolling out Presto on the TTC at this point in time. But we have had significant growth in the service.

Just to give you a couple of other little indicators, on Brampton transit, which is probably the system that has most aggressively implemented the Presto fare card, their adoption rate is 75.9%. So again, it is somewhat dependent upon the level at which transit agencies are moving toward their customers going onto the Presto fare system.

Mr. Michael Harris: As the TTC is the predominant transit hub here in Toronto, what difficulties or problems have you had in implementing the Presto card with the TTC?

Mr. Bruce McCuaig: I would say that over the past two years, once we had signed an agreement with the TTC in terms of the implementation of the Presto fare card, we have had a remarkable set of circumstances to progress and implement the Presto fare card.

We took the lessons from the Ottawa deployment in terms of trying to design—

Mr. Michael Harris: But what specific problems? I appreciate those things, but what specific problems are you still encountering that you need to yet overcome?

Mr. Bruce McCuaig: I would suggest that we have had no significant problems with the Presto system on the TTC deployment. I mentioned that we have 26 subway stations that are enabled at this point in time. They were delivered on schedule in June, before the Pan Am/Parapan Am Games.

I think the most significant reduction, in terms of our ability to deliver Presto, was the slowness of receipt of the new streetcars by the TTC from Bombardier, because they were going to be our early deliverables to put Presto on. Because Bombardier has been delayed in the delivery of those vehicles, they've delayed the implementation of Presto.

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Mr. Michael Harris: What areas throughout the GTHA transit system are not using Presto?

Mr. Bruce McCuaig: All the transit agencies in this region are Presto-enabled. Hamilton through Burlington to Oakville to Mississauga to Brampton, York Region Transit, Durham Region Transit and GO Transit are all enabled with the Presto card. It's fully available on all of their transit vehicles. We're in the midst of deploying on the TTC. It's fully deployed in Ottawa at this point in time and fully operational. The system use, after only about 14 or 15 months in Ottawa, is at 63.3% of their riders.

Mr. Michael Harris: With that number of 63%, can you offer to the committee the percentages of usage for those GTHA—I guess there are 10 providers across the

GTHA—the percentages of usage for those particular services—

Mr. Bruce McCuaig: We have it broken down by each transit property so you can see what the distribution is between the various. They all add up to that 54.5% that I referenced a few moments ago.

Mr. Michael Harris: Are you behind the expected forecast of usage?

Mr. Bruce McCuaig: We set objectives on an annual basis and for the next two or three years in terms of what is our anticipated achievement in terms of penetration rates. We've met or exceeded our targets each and every year for the past two years. So we feel very satisfied that the program is progressing as we would have expected it to progress.

The key determinant to get from a midpoint in terms of penetration in a transit property is the availability of other traditional fare media. For example, if a transit agency wants to continue to offer a paper ticket, then people who are used to using paper tickets will continue to buy paper tickets until that transit agency decides to retire those kinds of fare media.

That seems to be the most significant indicator. That's why Brampton has such a high penetration rate: because they've been very proactive in terms of driving forward the delivery and the availability of Presto for their customers.

Mr. Michael Harris: At the time of the 2012 audit, the anticipated cost of developing and operating the original Presto system and the Presto Next Generation system was \$955 million. According to a March 2014 update provided to the board, this cost is expected to increase. Can you tell the committee what the cost is expected to increase to?

Mr. Bruce McCuaig: I don't have all the figures with me in terms of the increases in cost, but in terms of the categories, there are three areas that I would say—and I wouldn't even position these as increases. For example, we have now been in operation for almost 10 years. We're starting to do state of good repair.

Mr. Michael Harris: Can you provide to the committee—

The Chair (Mr. Ernie Hardeman): It's the end of your time. You can go ahead and finish your answer.

Mr. Bruce McCuaig: We're proceeding with state of good repair. Those are in our costs now.

We are also expanding the service to areas that were not part of the original program. Ottawa is delivering the Confederation Line. That needs Presto. That's an additional cost.

The Chair (Mr. Ernie Hardeman): Okay. We'll now start the second round with the third party. We have about 16 minutes per—

Ms. Cheri DiNovo: Sixteen minutes? Thank you, Mr. Chair.

Just following up on some of the other comments, to Mr. Dong's comment about Liberty Village, which is next door to my riding, I wanted to point out to him that it was in the news not that long ago that Liberty Village

crowdfunded a bus to get them downtown. Liberty Village is not too happy with their transit options.

Moving on from there to Madame Lalonde's comments about not being biased, I wouldn't think you'd be biased. You're a Liberal member of a Liberal government. Where's the bias?

We're going to talk more about the connection with Metrolinx and the Liberal Party in a minute, but I want to follow up on a few key things. Would lowering the fare increase ridership, do you think, on UPX?

Mr. Bruce McCuaig: We believe that the fare we have is the right fare for the kind of system that has been built. With a three-car train—which is the maximum size of train that can access Pearson airport because of the way Pearson has developed—it has got a maximum capacity of about 180 people on a train. We think we've developed a fare model and a business model that reflect the capacity of the system and the demand that it has in terms of accessing Pearson and coming from Pearson to the downtown area.

Ms. Cheri DiNovo: When is the peak demand? When is that on UPX?

Mr. Bruce McCuaig: Peak period for the Union Pearson Express is typically between about 3:30 and 6:30 in the afternoon. That is aligned, you could imagine, with the departures for both short-haul flights out of Pearson to places like Montreal and Ottawa, but also the departure of long-haul flights to Europe, which are typically evening flights.

Ms. Cheri DiNovo: Could you provide, then, for the committee the ridership at that peak demand period as contrasted with the low demand? If we could get that as well, please, that would be great.

You mentioned that you haven't talked to the TTC about the possibility of this being part of a SmartTrack system or a relief line for people along the line to get downtown. Why not?

Mr. Bruce McCuaig: We believe that the kind of service we're providing for public transit users needs to be fulfilled through, for example, the GO Transit system.

I mentioned in my opening remarks that we've added 14 new midday trains on the GO line on the same corridor, stopping at the same stations—more stations, in fact, than the Union Pearson Express stops at—and those provide almost 20,000 more seats on a daily basis at a price point that's in the \$5- to \$7-dollar range, depending upon which station they're travelling from.

We believe that service is the kind of service that should be meeting the transit needs because it actually has the capacity to accommodate large numbers of people, which is what we would normally see with a commuter kind of service.

Ms. Cheri DiNovo: So if I were living at Bloor and Dundas and wanted to use not the TTC but a relief line to get downtown, how would you accommodate that?

Mr. Bruce McCuaig: Well, Bloor and Dundas—at the Dundas—sorry—

Ms. Cheri DiNovo: At the Dundas station.

Mr. Bruce McCuaig: The Dundas West station?

Ms. Cheri DiNovo: Yes.

Mr. Bruce McCuaig: Well, we do have trains that stop at the Dundas West GO station that head downtown.

Ms. Cheri DiNovo: How much would it cost?

Mr. Bruce McCuaig: They cost about \$5.30. I would have to confirm that, but it's in that range.

Ms. Cheri DiNovo: Okay. It's a little pricey if you're going to do that every day. Would you not agree?

Mr. Bruce McCuaig: That's the model of the GO system across the region. We provide a service that is fare-by-distance, and those are the kinds of prices that we've had in place for 48 years. Of course, at the location that you chose, people also have the choice of going to the Dundas West subway station and taking the subway downtown.

I think a key part of building a transportation system is actually providing a variety of choices to people, because not every choice is going to meet every person's needs. That's why I think the GO trains are an important part of the system, the subway is an important part of the system, Union Pearson Express is also a part of the system; they're all parts.

Ms. Cheri DiNovo: Clearly, the system isn't working to get Torontonians downtown to work with a degree of comfort and speed. If you're anywhere in the GTA, you know that. What I'm trying to get at here is, where are some of the solutions? In talking to the TTC about possibly looking at solutions—UPX, for example. If it proves to be a money-losing proposition over time, would you entertain the possibility of making that a relief line, having more stops along the line, and using it to get Torontonians to work?

Mr. Bruce McCuaig: Again, our objective at this point is to build the ridership on the service that has been launched. We believe that the business model that has been selected will be successful, and we also believe it's important to expand our GO services, to serve the market that you're talking about, which is a price point that's more conducive to people who are or have a need for accessing the downtown area every day.

We think that by serving, out of the Dundas West or Bloor station—both by GO and by Union Pearson Express—we're providing different choices to different markets for different purposes.

Ms. Cheri DiNovo: When will the line be electrified?

Mr. Bruce McCuaig: We have received approval under the Environmental Assessment Act for the electrification of the Union Pearson Express line. We also have received funding as part of the regional express rail program to electrify five of our seven rail corridors generally, and that includes the Kitchener corridor as far as Bramalea. We've launched an environmental assessment for the electrification of the balance of those five lines. We'll be electrifying the Union Pearson Express as part of that overall program. We believe that we will be doing the Kitchener and the Union Pearson Express as our first deliverables. We're still working out the actual timing to get all of the environmental approvals because we think it makes more sense—

Ms. Cheri DiNovo: So not 2017, like Minister Murray said when he was transportation minister?

Mr. Bruce McCuaig: Yes. With the additional funding that was provided, we now have the ability to electrify the entire corridor—GO services and Union Pearson Express services. We think it's a lot more efficient, more value for money, a better outcome to electrify both the GO and the Union Pearson Express services at the same time, rather than going in and building the infrastructure for Union Pearson Express and then coming back for the balance of the system.

We have funding over the next 10 years to electrify five of our corridors, and as I said, we're—

Ms. Cheri DiNovo: So 2025?

Mr. Bruce McCuaig: We're looking at doing the Union Pearson and the Kitchener corridors among our first deliverables. As we get our environmental approvals, we'll be reporting on the specific timelines. The end of the 10-year horizon does not mean that that's when this particular corridor will be electrified.

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Ms. Cheri DiNovo: Okay. Noise walls were promised to the residents along the line when the UPX started to run. They are still not there. When will the noise walls be done?

Mr. Bruce McCuaig: We'll be finishing the noise walls in this calendar year. There are three issues that came up. First of all, we achieved the noise barriers in all the locations that were required under the technical requirements of the environmental approval. Where we have not completed them are areas that were additional areas for future growth.

There were basically three things that impacted our ability to deliver all of those noise barriers in advance of the Union Pearson Express. One was encroachments in terms of people owning property and then extending their gardens and decks and backyards onto the rail corridor. A second area is that in some cases we needed small slivers of land—

Ms. Cheri DiNovo: Okay, but just cut to the chase. When will they be done?

Mr. Bruce McCuaig: I think I indicated at the outset that it will be done this year.

Ms. Cheri DiNovo: This year? Okay, thank you.

I'm going to go back to Transit City days and the fact that when Rob Ford was mayor, he cancelled Transit City. You agreed to scrap Transit City and start all over again with planning. I'm going to move on from that. Again, this goes to recommendation number 9 in the AG report.

Since the 2012 report, Metrolinx has agreed to cancel an LRT line in Scarborough—one could say in order to win a by-election for the Liberals. You also endorsed a report that claimed it was feasible to run a subway along the current RT corridor, something that TTC engineers claimed was technologically impossible at the time. TTC commissioner Gary Webster tried to explain the true costs and benefits, if you recall—a trip down memory

lane with Rob Ford's transit scheme. He ended up being fired.

Is Metrolinx under similar pressure to endorse purported benefits of transit schemes endorsed by politicians and to downplay the costs? It would seem historically that there's some evidence for that.

Mr. Bruce McCuaig: I would say the bottom line is that it's important for Metrolinx to be working with government to deliver on a transit plan. In the end, the public elects governments, whether that's municipal, provincial or federal, to make major funding decisions. Metrolinx does not have the independent ability to implement funding decisions in the absence of support of the local government, so what we try to achieve is consensus, and to maintain that consensus over the time that it takes to deliver on the project.

The key point is that we have the utmost respect for elected governments to be the representatives of their constituencies, to bring forward the plans that they feel are the right plans. We are an input. We provide our best advice. We provide objective advice. We provide the evidence. But in the end, governments make decisions, and I think we can all agree around this table that that's the way our system is designed at this point in time.

Metrolinx has always supported the LRT as the technically preferred solution to provide service to the Scarborough Civic Centre. That continues to be our position. At the same time, we have three orders of government—federal, provincial and municipal—who have all decided that moving ahead with a subway is the path that they select and that they support. We recognize that governments are elected to make those kinds of choices.

Ms. Cheri DiNovo: I think that most Torontonians would love to see the politics taken out of transit. Maybe we'd actually get some done then.

On April 27, Minister Del Duca announced that the construction of the Sheppard East LRT would be delayed until after the Finch West LRT was completed in 2021 or so, and yet on the same day, Metrolinx was still informing people that construction of the Sheppard East LRT would begin in 2017 and be completed by 2021.

Clearly the minister made the decision to defer the Sheppard East LRT based on reasons we're not clear on and only known to him. How is this compatible with the Auditor General's recommendation that transit infrastructure investment decisions be made only on the basis of rigorous cost-benefit analysis?

Mr. Bruce McCuaig: I cannot comment on the affirmation you made about Metrolinx having different advice at the same time as the minister made a pronouncement; I'm not aware of that. I can advise that the decision was taken to stage the delivery of the various LRT projects, as well as the other infrastructure projects going on in the city and this region, to look at it from a commercial perspective and the capacity of the system to be able to respond to what are very major infrastructure projects.

I think the decision that was taken in consultation with Infrastructure Ontario, with Metrolinx and with the

provincial government was to deliver the projects in a way that wouldn't result in us basically bidding against ourselves, because we would have multiple bids in the market at the same point in time. We thought it was more effective in order to stage these bids so that we can maximize the available capacity in the industry so that we can get the best possible value for money.

Ms. Cheri DiNovo: Moving on: Now that you've agreed to cancel the Scarborough LRT, the master agreement between Metrolinx, the city of Toronto and the TTC needs to be renegotiated. What is the status of those negotiations right now?

Mr. Bruce McCuaig: Conversations continue between Metrolinx and the city of Toronto in terms of moving forward with the amendment to the master agreement with respect to the Scarborough subway extension. There also need to be agreements that are entered into between the province and the city of Toronto for the new project, as well as between the federal government and the city of Toronto. So all those elements need to move forward together. As you may know, the city of Toronto is pursuing an Environmental Assessment Act process to determine the station location of the Scarborough subway. I think the precursor to making some of those amendments is for the city to finalize the scope of the project.

Ms. Cheri DiNovo: This new master agreement: Will the TTC still be operating those three remaining LRT lines and, if so, for how long?

Mr. Bruce McCuaig: Our agreement with the city of Toronto and the TTC is that the TTC will be the operator for the Finch, Eglinton Crosstown and Sheppard LRT lines.

Ms. Cheri DiNovo: Concerning the comprehensive operating agreement to be negotiated two years before the Eglinton Crosstown begins, does that remain unchanged?

Mr. Bruce McCuaig: That continues to be our objective, yes.

Ms. Cheri DiNovo: In this master agreement, subject to change, apart from the sections dealing strictly with the Scarborough LRT: Anything new to report on that?

Mr. Bruce McCuaig: Sorry, could you just repeat the question? New on what part?

Ms. Cheri DiNovo: In the new master agreement, is there anything new dealing with the Scarborough LRT that we're not aware of?

Mr. Bruce McCuaig: In addition to what I said a few moments ago, I don't think I have anything further to add.

Ms. Cheri DiNovo: Okay. Just going back to Presto and to the Auditor General's report on that: In terms of the cost to develop and operate it, in her report—and this is the next-generation Presto, PNG, to meet the requirements of the TTC—she said that it almost quadrupled compared to the original estimate. I'm wondering if you could comment on that, in light of your past comments that you were on target financially around Presto.

Mr. Bruce McCuaig: I think I indicated earlier on that for the deployment of Presto for GO Transit in the 905, that program was delivered on budget and to schedule. We were very pleased with the rollout of that program.

With Presto Next Generation, as I indicated a few moments ago, we tried to anticipate what the scope was of new offerings that we would want to build into the new program. We had to anticipate the needs for the city of Toronto, for example, since we had not yet come to a specification with the city in terms of their needs for Presto Next Generation. So there were additional costs in terms of scoping out the final cost of the additional changes to the Presto base service that was built for GO and the 905, and how it would be adapted for both new customers, like the TTC, as well as for changes in the environment such as bringing in open payment and mobile payment.

Ms. Cheri DiNovo: Okay. Also at dealing with contractors around the Presto issue, again, an audit finding was that the contractor failed to meet nearly a third of performance standards in the Presto contract but Metrolinx did not seek penalties. Why not?

Mr. Bruce McCuaig: At the time, our view was that our focus was on deployment of the system, and we wanted to make sure that we got through that deployment program as cleanly as possible for our customers, whether those customers are transit agencies or end-user customers. Now that we're fully deployed in so many of the areas that are served by Presto, we have built in additional measures in terms of monitoring the achievement of Accenture and the other service providers against the contract. If issues are identified, then we will take action in terms of making sure that remedies are pursued.

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes the time. We will now move to the government side: Ms. Malhi.

Mr. Han Dong: Actually, I wanted to make a quick comment. I'll give it to you; just give me a second here. I just want to make a quick comment because the member opposite mentioned about the—

The Chair (Mr. Ernie Hardeman): Mr. Dong, before you speak, I have to recognize you.

Mr. Han Dong: Thank you. I saw the mike on; that's why.

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The Chair (Mr. Ernie Hardeman): In this case, I recognize Ms. Malhi.

Mr. Han Dong: All right.

Ms. Harinder Malhi: Thank you so much.

In Brampton, we've seen a number of added GO train services to all of our stations, but I wanted to talk a little bit more about the challenges that we're having in rolling out the all-day, two-way service because of some of the rail tracks that are owned by CP or CN. I wanted to ask about how you're proceeding to overcome those challenges.

Mr. Bruce McCuaig: Thanks for the question. Yes, in the context of both the Milton corridor and the

Kitchener corridor, we do need to work very closely with CN and CP. In the case of the Kitchener corridor, the stretch between Bramalea and Georgetown is owned by Canadian National and is their mainline freight track for, basically, east-west traffic in Canada. In the case of the Milton corridor, it is almost fully owned by CP Rail and again is their mainline track.

We need to build agreements with the railways in order to increase the level of service. Typically, those agreements come with a requirement that we build infrastructure so that in essence, the freight railway companies are made whole so that they can continue to serve their customers as well as continue to grow their customers in the future.

We have been in active discussions with both CN and CP in terms of both incremental additions of service as well as trying to identify strategies to rationalize the network more generally so that we do not have this ongoing question or discussion or negotiation about what additional services can be put into place.

We were successful in terms of being able to add an additional train in both directions on the Milton corridor this past year. As I said earlier on, we were able to introduce 14 midday trains on the Kitchener corridor from Mount Pleasant into Union Station. So those are all outcomes of negotiations with the railway companies and an agreement on infrastructure that needs to be built to support more service and then the construction of that infrastructure.

I think our core challenge going forward is to have a more fundamental conversation with the railways about how to co-exist in an environment where we don't just want to add one or two or even 14 trains to a corridor in a given year; we want to have the same level of service that we have on the Lakeshore West or Lakeshore East corridors in these other corridors. That means that we have to have a very broad and deep conversation with the railways that involves the municipalities, that involves the federal government, to try to identify how we can take advantage of the opportunities to look at how we move people and how we move goods in this region on a going-forward basis.

There's no question that goods movement is critical to our economy and to this region. We don't want to jeopardize the ability of CN and CP to move freight because that is intrinsic to our economy, but we do want to find more ways to move more people and more trains through places like Brampton, Mississauga, Milton and Kitchener. That's our objective over both the short and the longer term.

Ms. Harinder Malhi: Thank you so much.

The Chair (Mr. Ernie Hardeman): Mr. Dong?

Mr. Han Dong: Thank you, Mr. Chair. I just want to make a quick comment before I pass the mike on to my colleague MPP Rinaldi. It has to do with the member from Parkdale-High Park's comment on crowdfunding for a bus. I believe that line has been suspended. In addition to that, I actually put forward a petition to the TTC to study an express line going in the opposite direction of traffic during rush hours.

I just want to make sure it's on the record that bus lines are very much needed. As I mentioned, it's a bag of mixed tools to relieve the congestion in my neighbourhood of Liberty Village. I look forward to an affordable solution in the near future provided by Metrolinx.

The Chair (Mr. Ernie Hardeman): Mr. Rinaldi?

Mr. Lou Rinaldi: Thank you very much for being here today. First, I want to just share a little story and then I'll go to a question.

About three weeks ago, I had some neighbours who went overseas for a holiday. Where we come from, our public transit is our own car or a bicycle, but I don't ride a bike. But I did get a scooter this year, so I'm okay. Having said that, their son took them to the airport for their flight out. It took them over two hours from the Durham area—Oshawa, Ajax—to get to the airport, that stretch alone, not counting the hour or a little bit better than an hour from their home in Brighton, where I live.

They got wise coming back. The son refused to go to the airport and pick them up if he had to go through that scenario. So they took the express train, the UP, from the airport to Union Station, hopped on the GO. That got them to Oshawa; it's as far as GO goes. It took them just a little bit over an hour, and no hassles with traffic.

I will admit, these folks are not very supportive sometimes of our government, but they couldn't stop thanking me enough just from that experience alone. I won't mention what their names are, but it's true.

Having said that, about a month ago, I was involved with some discussion with folks from Durham region; I know they've been talking to you about future expansion and so forth. I got a couple of my mayors excited, mostly from Port Hope and Cobourg, that we should maybe have some access, because all we have is Via, and it's very expensive and unless you book the day before, you don't get on a train.

Can you give us some sense of what future expansion—not even specific to an area, but how do we get that on the docket? How do we get it so that maybe somewhere down the road there's a possibility? I know the municipal leaders from the Durham area have been very engaged for a long time, and they've done a lot of work. So can you just give us a bit of an overview?

Mr. Bruce McCuaig: Absolutely. In terms of the product that we call GO Transit, there is no question that it is much in demand across the region. And new communities, whether they're in Durham or whether they're in Northumberland or whether they're in Kitchener or Niagara, there is lots of demand for new services.

The good news is that from a delivery of the program over the next 10 years, we are going to be providing significant new opportunities for people to take GO Transit as part of their regular trip across all of the corridors that we provide service, including the Lakeshore East, where as part of regional express rail, we will be providing higher and higher levels of service until we get to 15-minute frequencies throughout the day, evenings and weekends, and electrified service from Oshawa into Union Station.

That being said, I also realize that there is interest in extending that service to the east to communities like Bowmanville and Clarington, and there have been ongoing conversations with those municipalities about their interest and their desire for those extended services. We actually did initiate and received environmental assessment approval for new infrastructure that would deliver those kinds of services, utilizing the CP-owned track from Oshawa to the east.

The next part of the equation is to continue our conversation with the municipalities, build the business case and the evidence to demonstrate how it's going to perform very, very well. Ultimately, that leads to decisions on when we can go ahead with the delivery of that kind of infrastructure. I think it's a partnership between the province, ourselves, the municipalities and the communities involved in terms of determining what is the right kind of timing to go ahead with those kinds of services.

Mr. Lou Rinaldi: As a comment, it reassures me a bit that we're not one of the areas where the need is. The other parts that surround the greater Toronto area are getting filled, and certainly there are opportunities in the east to grow; especially in the Durham area, they've been growing fairly steadily. So I'm delighted to hear that we're not ignoring where some pressures—starting today or down the road—will not get to be even more, and that it's not being ignored.

Chair, how much time do I have left?

The Chair (Mr. Ernie Hardeman): You have about seven minutes.

Mr. Lou Rinaldi: Oh, okay.

You intrigued me a little bit in your answer about working with CN and CP. If I heard you right, you do have some environmental assessment approvals, or some type of approvals. How much are we pursuing that? Can you explain where that will get us? Because obviously the tracks are there, but I know they're also very heavily used. I mean, I have CP and CN tracks that I cross every day near my home, and I know how long I have to wait sometimes.

Is there room for additional passenger service through GO? In your vision, in fact—is that really feasible, knowing how busy that Toronto-Montreal rail corridor is right now?

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Mr. Bruce McCuaig: In the context of the CN and CP corridors to the east of the region, those companies' mainline tracks access not just eastern Ontario, but Montreal and the eastern seaboard of the United States as well. They are very core elements of both those railways' business plans.

We also realize that we need to find strategies to co-exist if we're going to continue to extend services. To look at a potential extension from the Oshawa area to Bowmanville and Clarington, the kind of infrastructure that has been identified in the past includes, first of all, a crossing of the rail from the south side of Highway 401 to the north side of Highway 401. That's necessary if

we're going to transfer the traffic from the CN corridor, which is south of the 401, to the CP corridor on the north side. That is, as you can imagine, a fairly significant piece of infrastructure. The deputy minister to my right will have a very strong interest in how we develop and deliver such a piece of infrastructure, given that it's so important for other core elements of the province's transportation system in this region.

The second piece of important infrastructure that's necessary is to add additional track on the CP corridor. If you're familiar with the corridor through Oshawa and into Clarington, you know there's a lot of traffic. It's access to the Autoplex, the GM plant, as well as all the industry that's around those areas. Additional track infrastructure will be required in order to make that service happen.

The third piece is stations. We don't have stations on the corridor right now, so we would have to acquire the property and then build the station facilities so that people can access the services.

Those are three core elements that will need to be delivered in order to extend services and as part of the planning that will have to go on with the municipalities, with the railways and with the support of the province as well.

Mr. Lou Rinaldi: Thank you.

The Chair (Mr. Ernie Hardeman): Ms. Lalonde.

Mrs. Marie-France Lalonde: We've been talking a lot about Presto in terms of fares and everything. I come from Ottawa-Orléans, where we have one of the highest ridership rates. We're very fortunate in terms of public transit. Presto is widely known in Ottawa and very much used. I understand that Toronto has not caught up to the same level of Presto users.

Can you maybe share what the plan is or how we're going to get Torontonians to consider using the Presto card a little bit more?

Mr. Bruce McCuaig: I think the first key point to that is to have Presto fully deployed on the TTC. Right now, we're at 26 subway stations. We are on the 10 new streetcars that are in service on the TTC. Over the course of the remainder of this calendar year, we'll be implementing Presto on all of the older streetcars that are in the system.

As we get more of the system Presto-enabled, then that will allow people to use it more often in different places. I hear from people all the time who take the GO train in, for example. They can use their Presto card at Union Station to go to wherever their destination is, but whatever station they are coming from on the way back is not yet Presto-enabled, so they can't tap on the way home. As we get more permeability or more access to the Presto system in the city of Toronto, I think it will be natural that growth will just occur.

The two key elements for our deployment program next year are the bus network—we'll be deploying Presto on the 18,000-odd buses that are part of the TTC. We think this is a fairly straightforward program for ourselves because we've already deployed Presto on thou-

sands of buses in Ottawa and across this region. So it's more of the same in terms of being able to deploy something that we've already done a lot over the past five years.

The second element is the balance of the subway stations. We have 26 now; there are 69 subway stations in total. We need to complete the deployment on those addition subway stations.

The TTC is doing something different in those additional subway stations. They are actually going to be replacing, as part of this program, all of their old turnstiles with modern fare gates. That's something the TTC decided to do because they felt it would provide a better customer experience; it would help bring their infrastructure into a more modern day; it would allow them to have two-way fare gates rather than one-way turnstiles. There's a whole bunch of benefits. Accessibility is another benefit of improving their fare gates.

That program is going to take the TTC throughout the calendar year 2016 to complete. When we finish that, we will have the TTC fully deployed. That would mean that we have access across the system.

The final stage will be the TTC's plan to gradually withdraw their legacy fare media and put more and more of their customers onto Presto. That would mean that tickets would disappear, tokens would disappear and ultimately the Metropass as a separate product would disappear, and people will be using Presto or using cash.

I think that will ultimately be the way we grow the base from the current 1.7 million customers to another 1.8 million customers.

Mrs. Marie-France Lalonde: Thank you very much.

The Chair (Mr. Ernie Hardeman): That concludes the time. We'll now go to the official opposition. Mr. Harris, you have 16 or 17 minutes.

Mr. Michael Harris: Okay. I'll take the 17.

We were on Presto development. I'm wondering if you can share with the committee the cost, to date, for developing and implementing the Presto and Presto Next Generation card.

Mr. Bruce McCuaig: The Presto Next Generation program cost \$187.1 million, in terms of updating all the various elements that were built into that program.

Mr. Michael Harris: That's the total cost?

Mr. Bruce McCuaig: For Presto Next Generation?

Mr. Michael Harris: No, for both Presto and Presto Next Generation.

Mr. Bruce McCuaig: The original base Presto program was \$189 million for development of the system for GO and the 905 transit agencies; \$187.1 million was the cost for Presto Next Generation; and \$53.4 million was the cost for the deployment on the Ottawa system. We're still in the process of the TTC deployment, so I don't have a final number for you for that.

Mr. Michael Harris: I also asked about development and implementation costs. I guess here, per the auditor's 2012 audit, the anticipated cost of developing and operating the original Presto and the Presto Next Generation system was \$955 million. Is that correct?

Mr. Bruce McCuaig: Yes, that's what is in the report.

Mr. Michael Harris: Okay. According to the 2014 update provided to the board at Metrolinx, the cost is expected to increase. What do you expect that cost to increase to?

Mr. Bruce McCuaig: We were looking at a number of factors. I indicated a few moments ago that we're building in state of good repair for the replacement—

Mr. Michael Harris: But what do you expect the costs to actually be?

Mr. Bruce McCuaig: I'll try to get through that for you, sir. The first element would be state of good repair, which would add another \$78.5 million. That would just be basically replacing equipment as it wears out—I think we can all understand that technology has a shelf life of seven to 10 years.

We have new initiatives: things like putting Presto on the new Confederation Line in Ottawa and on the Cross-town here in Toronto. We get requests from the transit agencies. We've deployed Presto on the Union Pearson Express. We expect those costs to be \$124.8 million.

We originally had designed the TTC as what we would call a big-bang deployment: On one day, you turn it all on, and it works for everybody. Our experience in Ottawa and the experience in lessons around the world is that that is not the best strategy in terms of how to move forward. So we broke the TTC deployment down into five stages, and those five stages added about \$63 million, in terms of the deployment.

We have also improved our quality assurance and testing facilities so that we can make sure we get through our customer deployment bug-free. We've gone through our last four major service offerings without any customer-facing issues. That has added approximately \$126 million.

Mr. Michael Harris: So you're telling me that we're looking at about \$220 million more than the initial system was anticipated to cost: \$78.5 million, \$124.8 million, \$63 million and \$126 million in addition to the \$955 million that was initially set aside to do this.

Mr. Bruce McCuaig: Yes, and please remember that that included state of good repair for ongoing maintenance of the system as well as new initiatives like the new lines that are being built. Obviously, when you build new infrastructure for new lines, it costs additional funds.

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We also tried to reflect on our experience from the Ottawa deployment, where I think we would all realize that it was not an optimal deployment initially and we needed to do it differently for the TTC. We thought that investing in quality and breaking down the program into five steps was the right thing to do.

Mr. Michael Harris: Does Ontario Metrolinx actually own all of its own technology?

Mr. Bruce McCuaig: We own the intellectual property for Presto in Canada. We negotiated an arrangement with the service provider about three years ago, where we received ownership of the application of this technology domestically. They retained ownership inter-

nationally so that they can continue to market the system to other jurisdictions.

Mr. Michael Harris: So if there are other areas where this technology is implemented outside of Canada, then Metrolinx Ontario would not receive any of the financial benefits of that?

Mr. Bruce McCuaig: Outside of Canada, we receive two kinds of benefits from the success of the vendor in marketing the product. For example, the Presto system right now is being deployed in Washington, DC, as part of their program. We get two benefits that have monetary value from these kinds of deployments. First of all, as they update the technology to reflect the needs of that particular community, we get free access to those updates and they just come to us for our possible use. For example, in the case of Washington, they've invested in moving towards open payment, a mobile payment. We now don't have to make that investment because they've already developed the software, tested it in the field and we can take advantage of it.

The second benefit that we get is that as the vendor is more successful, as they build more of these similar kinds of systems over time, we start to receive what I'll call a royalty back. As they're more successful, we get a benefit back from them.

Mr. Michael Harris: The auditor also indicated that the contractor failed to meet nearly a third of performance standards in the Presto contract, but Metrolinx did not seek penalties. Why were these penalties never pursued?

Mr. Bruce McCuaig: As I indicated earlier on, we were, at that point in time, in the deployment stage of the system. The focus at that point was getting the system up and running and out to as many different transit agencies and customers as possible, and making sure that the system was meeting customer needs, whether those customers were transit agencies or end-user customers. The focus wasn't on collecting penalties from the vendor. The focus was on getting the deployment done.

Now that we've implemented in 10 of those agencies completely, we now feel that we're in a stable state, and it makes sense to make sure that we are rigorous in pursuing remedies where the service provider is not meeting their obligations. We've put in processes and systems so that we can, where we identify issues, start to apply remedies.

Mr. Michael Harris: The auditor also noted that, given the expected increase, the board requested staff to retain specialized expertise to conduct a value-for-money analysis on the Presto program and to complete a technology audit to validate the appropriateness and sufficiency of the existing system and future plans. Where is Metrolinx on the value-for-money analysis and technology audit? Has it been completed?

Mr. Bruce McCuaig: Yes, they have both been completed. We did retain Grant Thornton to undertake a value-for-money analysis of the TTC program in particular. We felt it was important to demonstrate—because there were alternative ways in which we could

deploy on the TTC, and we felt an important measure was which alternative generated least risk, highest value and the best outcome. So we retained Grant Thornton to undertake that work, and they concluded that the approach we were taking in terms of the TTC deployment was the one that generated the highest value and was the most appropriate for the circumstance.

We also retained the Shore Consulting Group to do a technology audit. They determined, through their audit, that the technology, the platform, the software were all state of the art, were all appropriate for the purpose in which they were being used. The most important lesson that we received from the Shore Consulting Group was the need to continuously invest, update and keep it current. As we know, technology and software change so quickly, and their strongest advice was to make sure that we continue to invest.

Mr. Michael Harris: Are those audits posted on the website or are they available to the committee, by chance?

Mr. Bruce McCuaig: Sorry, I can't answer the question if they're posted on our website. I believe that the Grant Thornton report has been provided to the Auditor General.

Mr. Michael Harris: Okay. If able to, can they be reported to the committee as well?

On to the Union Station revitalization: The auditor indicated with regard to the ongoing Union Station revitalization that there is a lack of control over project costs. Can you speak to the concern and explain why cost controls for such a large project are not in place, and perhaps whether anything is being done to in fact bring those costs under control?

Mr. Bruce McCuaig: Yes, thanks for the question. I'd like to first start by saying that across our entire population of projects, we deliver the program to within 5% to 7% of the tendered price. We believe that that's a very good result in terms of our overall environment of cost control systems and processes.

However, we know that there is always an opportunity to improve our systems. The Union Station project, a highly complex project, is a case in point of how we've taken steps to try to improve it—

Mr. Michael Harris: I know you'd like to carry on, but I've got about six minutes left, so let's get specific with the cost overrun on the train shed. It's been reported that it's 25% over your initial estimate, bringing the total to about \$270 million. What has caused the massive increase on this particular project?

Mr. Bruce McCuaig: I think the elements that led to this kind of an increase were, first of all, the environment of working at a site with the city of Toronto doing a major renovation around, under and over the project—and whenever you have two contractors who are working in the same space, it's never going to be a very positive outcome. We also had the TTC doing a major piece of infrastructure work at the subway station. So the interface between three separate contracting groups was a challenge and created significant pressure on the project.

The second piece that drove this was the complexity of the building itself. It's 100 years old, there are no as-built plans, and every time a wall, a ceiling or a floor was opened, you discovered something new.

Mr. Michael Harris: Would you say, though, that policies perhaps need to be changed at Metrolinx to properly identify or do better estimates in terms of these projects? What has gone on after the fact to change the way that you're estimating? Because this is a significant cost overrun.

Mr. Bruce McCuaig: Yes, absolutely. The most important piece is, how do we take a lesson from this and apply it in the future? What we've done is, we've taken a much more comprehensive approach to risk identification early in the projects. We bring major projects to our board for endorsement in advance of going to market so that they have an opportunity to review and undertake their due diligence. We're bringing in a more integrated project management system that brings together both the GO system that has been used for many years as well as the system that we've developed for the rapid transit program, and we've been building our project management skills in the organization itself.

The final thing we've done is that we've tried to adjust our contracting methods to make sure that we are transferring the right kinds of risk at the outset to the contractors.

Mr. Michael Harris: On that note, there was also an indication that replacing the switches could be twice the amount of the original purchase order. Again, I'm wondering if there's any explanation from Metrolinx as to how these costs have escalated.

Mr. Bruce McCuaig: That project is complete now, so the costs are not escalating any further.

Mr. Michael Harris: Was it, in fact, twice the amount of the original purchase price?

Mr. Bruce McCuaig: I do not have the information here in terms of what the final project cost for that was. One of the challenges with the switch replacement program is that we were growing our service at the same time that we were changing out all of our switches. As you can imagine, the smaller work windows that you have and the more you push those work windows into weekends and between 1 o'clock in the morning and 4 o'clock in the morning, the more complex it becomes to deliver the project.

One of the biggest risk factors that we face is that, as we are increasing service, it becomes more challenging to undertake the work in the live corridor.

Mr. Michael Harris: Hopefully, you'll be able to provide the committee with the actual amount that those switches cost.

Also, the auditor's recommendations were to ensure that contracts have firm ceiling prices wherever possible and to monitor their adherence. Has that actually been put in place?

Mr. Bruce McCuaig: Yes. We seek a firm ceiling price on our contracts. We try to identify the risks early in the process and we try to identify appropriate con-

tingencies so that we can manage the risks within the agreed-upon and tendered amount. We've tried to put in place an environment that recognizes that in different kinds of projects, there are different kinds of risks, and we need to manage those.

Mr. Michael Harris: The regional transportation plan—a few questions with regard to this. Recently, Metrolinx sent a letter to the city of Toronto saying that SmartTrack was unworkable and unaffordable. Was a letter in fact sent to the city of Toronto telling them that?

Mr. Bruce McCuaig: Yes, there was a letter that went to the city of Toronto. Context is important: The city staff had provided a draft of their staff report to Metrolinx for our comment—

Mr. Michael Harris: Can you provide the letter to the committee?

Mr. Bruce McCuaig: Right now, it's a confidential government-to-government piece of correspondence, so I do have some concerns with the fact that it was released publicly to some people. There are some issues with sharing that information at this point in time, given that we are in negotiations.

Mr. Michael Harris: I'll leave it to the committee to decide, perhaps, how that works if it's already publicly out there—that the committee also be a recipient of that letter.

There was a brief discussion on the Brampton situation. I'm wondering if you can tell the committee if that consultation process was in place during the recent Brampton LRT debate, and perhaps give us an update as to how that all fell apart in Brampton. That was a recommendation that the auditor made: to ensure provincial, municipal and regional stakeholders are kept up to date on the funding requirements and progress of the regional—

Mr. Lou Rinaldi: Point of order.

The Chair (Mr. Ernie Hardeman): Point of order: Mr. Rinaldi.

Mr. Lou Rinaldi: Is that part of the report, Chair?

Mr. Michael Harris: Yes, it's actually a recommendation on page 10.

Mr. Lou Rinaldi: Okay. Thank you.

Mr. Michael Harris: "Metrolinx should regularly consult with GTHA municipalities and other key stakeholders as the funding strategies are being formulated, especially on options that affect local residents." Can you explain how that pertains to Brampton, or where that broke down?

Mr. Bruce McCuaig: We had been working with the city of Brampton and the city of Mississauga for the past eight or nine years on the aspirations for developing a proposal for rapid transit on the Hurontario-Main corridor. Those proposals are a matter of public record. In fact, for a lot of the work that was done and the environmental assessment, the city of Brampton and the city of Mississauga were actually the proponents for those projects.

In the end, the city of Brampton council did not support the project. We are then, as a result of that, moving ahead with a project with the city of Mississauga,

focused from the Port Credit GO station in the south all the way up to Steeles Avenue in the city of Brampton, and we are deferring the section north of Steeles Avenue to downtown Brampton, given that it has lacked the support of the city council.

Mr. Michael Harris: So of the \$1.6 billion committed to Brampton, how much will actually be reserved for the LRT?

Mr. Bruce McCuaig: We do need to do a design of the terminal station at Steeles Avenue, and it will be different than was originally designed, so it's hard to give you the precise number. But it would be in the order of about \$200 million that would have been set aside for the stretch from Steeles north to Brampton's downtown.

Mr. Michael Harris: Thank you.

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes our time for the discussions this afternoon.

We do again want to thank both of you for being here and helping us with our deliberations as we carry on with the review of this part of the auditor's report. Thank you very much for coming in and making yourselves available.

Mr. Bruce McCuaig: Thank you to all the members of the standing committee.

Ms. Carol Layton: Thank you.

The Chair (Mr. Ernie Hardeman): I would just ask the committee, as we clear the room, to go in camera for discussion as to where we proceed from here.

The committee continued in closed session at 1443.

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Wednesday 25 November 2015

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The committee met at 1230 in room 151, following a closed session.

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AUDITOR GENERAL

MINISTRY OF EDUCATION

ALGOMA DISTRICT SCHOOL BOARD

KAWARTHA PINE RIDGE
DISTRICT SCHOOL BOARD

LAKEHEAD DISTRICT SCHOOL BOARD

Consideration of section 4.05, education of aboriginal students.

The Chair (Mr. Ernie Hardeman): It is 12:30, so we'll call the Standing Committee on Public Accounts to order. We're here this afternoon for the consideration of section 4.05, education of aboriginal students, of the 2014 Annual Report of the Officer of the Auditor General of Ontario.

We have delegations this afternoon from the Ministry of Education, Algoma District School Board, Kawartha Pine Ridge District School Board and Lakehead District School Board. I see we're all prepared to participate in our adventure here this afternoon. We want to thank you for coming in. You will have, collectively, 20 minutes to make a presentation to the committee and then we'll have 20 minutes each for the caucuses in the go-round. This time it will start with the government side, I think. They'll be the first, and they'll get 20 minutes and then we'll go around. The second half, we'll divide whatever time is left and give it equally and make a second circle with it. It's usually about 17 or 18 minutes from each one.

With that, thank you again very much for coming in. I would ask each one of you, as you are speaking or asked to speak, to introduce yourselves into the microphone so it will be recorded for Hansard. I always find that works a lot better than me trying to say them all first and then having it all wrong in Hansard.

With that, we turn it over to you. Thank you very much for being here to help us out.

Mr. George Zegarac: Thank you, Mr. Chair. I think I would like us to start by introducing ourselves first, but we'll introduce ourselves as we speak as well. I'm George Zegarac, Deputy Minister of Education. I'll ask

my ministry official and then the school board officials to introduce themselves.

Ms. Janine Griffore: I'm Janine Griffore, assistant deputy minister responsible for French-language, aboriginal learning and research.

Mr. Rusty Hick: Rusty Hick, director of education, Kawartha Pine Ridge District School Board. Thank you for having me here.

Ms. Lucia Reece: Good afternoon. I'm Lucia Reece, director of education in Algoma District School Board.

Ms. Sherri-Lynne Pharand: Good afternoon. I'm Sherri-Lynne Pharand, superintendent of education with the Lakehead District School Board. I'm here today on behalf of our director, Ian MacRae, who was unable to attend due to health reasons.

Mr. George Zegarac: I'll start with a quick overview. I want to, first of all, thank the committee and the Auditor General for giving us the opportunity to provide an update on the ministry and board activities as they relate to our aboriginal education strategy and the Auditor General's five recommendations.

May I add that both the ministry and the school boards have benefited from this process? To begin, to give you a quick overview, we've made significant progress in establishing partnerships, building trust and working in partnership with First Nation, Métis and Inuit communities and organizations, education partners and the district school boards across the province.

We've also established a working relationship with the federal government to support First Nation students. We look forward to building on our relationship and engaging with the federal government and First Nation partners to support student success and well-being.

We're seeing progress in the province. The level of voluntary, confidential aboriginal self-identification has increased significantly. There have been notable increases in the achievement results for self-identified aboriginal students. In addition, the gap has narrowed between self-identified aboriginal students and all of our students.

As you know, Ontario is committed to the success and well-being of every student and child. Last year, the government launched Achieving Excellence: A Renewed Vision for Education. Goals of the renewed vision include enhancing public confidence, achieving excellence, promoting well-being and ensuring equity for all of our students. As part of our renewed vision, we have re-

affirmed our commitment to providing aboriginal learners with the tools they need to reach their full potential.

In keeping with the proud and diverse heritage of our province, we also want to ensure that all of the educators and students build greater knowledge and awareness about First Nations, Métis and Inuit histories, cultures, traditions and perspectives.

Let me begin by providing you with an overview of the Aboriginal Education Strategy. More than ever before, we are taking a proactive and comprehensive approach to improving student achievement and well-being outcomes for all of our aboriginal students. In 2006, the Aboriginal Education Office was created to provide ministry-wide leadership on aboriginal education issues and initiatives. We work in collaboration with the aboriginal communities and organizations, school boards, post-secondary institutions, other ministries and the federal government.

In 2007, the ministry launched its Aboriginal Education Strategy with the release of the Ontario First Nation, Métis and Inuit Education Policy Framework. The framework provides the strategic policy context within which the Ministry of Education, school boards and schools work to support First Nation, Métis and Inuit student success. It also provides the impetus for us to help raise the awareness and knowledge of all students about First Nation, Métis and Inuit peoples' cultures, histories and perspectives.

In the framework, the ministry made a commitment to release a progress report every three years. In 2009, the ministry released the first progress report, which was called Sound Foundations for the Road Ahead. The Minister's Advisory Council on First Nation, Métis and Inuit Education was established in 2009 and serves as a valuable forum for engagement on these issues.

In August 2013, the ministry released the second progress report, entitled *A Solid Foundation: Second Progress Report on the Implementation of the Ontario First Nation, Métis and Inuit Education Policy Framework*. The second progress report also includes Ontario's first baseline data on aboriginal student achievement for the 2011-12 school years. This valuable information is based on voluntary, confidential First Nation, Métis and Inuit student self-identification.

In 2013, the minister struck a working group of representatives from the minister's advisory council to help develop the implementation plan. In 2014, the ministry released the Ontario First Nation, Métis and Inuit Education Policy Framework Implementation Plan, which helped to build the Aboriginal Education Strategy into a real, implementable plan. The implementation plan builds on the progress to date in the implementation of the Ontario First Nation, Métis and Inuit policy framework from 2007 and it guides the work of the ministry and school boards through to 2016.

The improvement in the rate of voluntary, confidential First Nation, Métis and Inuit student self-identification is one of our success stories. The data is used by the

ministry, by school boards and schools to understand their student populations and implement targeted strategies to meet specific needs. According to the preliminary October 2014 data, approximately 59%—which is about 38,000—of the estimated 64,000 aboriginal students have self-identified. This is an increase from the 44% who had self-identified in 2012.

Let me speak specifically to the recommendations. We have made significant progress on all five of the recommendations.

The ministry agrees with recommendation number 1 of the Auditor General's report that implementation plans are necessary to support initiatives to close the achievement gap. In 2006, only 10 boards had voluntary, confidential self-identification policies. It is worth noting that now 76 district school boards and authorities have a self-identification policy, so all of our authorities and school boards. All 76 district school boards and school authorities implemented a board action plan in 2014-15, and boards are in the process of implementing their action plans going into 2015-16. And 74 of the 76 school boards and school authorities already are reporting out data.

In March 2014, the ministry released the Ontario First Nation, Métis and Inuit Education Policy Framework Implementation Plan to build on the Aboriginal Education Strategy. The plan is organized around the 10 performance measures included in the framework.

Since 2014-15, the ministry has allocated funding to boards to support the development of the board action plans on First Nation, Métis, and Inuit education. These include programs and initiatives to address the 16 strategies and actions identified in the implementation plan of 2014.

The ministry continues, around recommendation 2, to support voluntary, confidential, self-reported self-identification efforts across this province. As I've already mentioned, we've made tremendous progress, and very shortly you can hear directly from the boards who are represented here today.

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As of October 2014, as I said, 74 of the 76 boards and authorities are reporting voluntarily on the confidential aboriginal student self-identification data, and as of today, since we shared the report with you, an additional board, which brings it up to 75 of 76 now reporting data.

Beginning in 2014, the ministry provides aboriginal analytical profiles to each of the 76 boards and authorities. These products expand the dissemination of data while ensuring that the use of data is consistent and accompanied by appropriate contextualization.

A guide was also prepared as part of this initiative and the approach shared with the minister's advisory council working group. In addition, 70 of 76 district school boards have an aboriginal advisory council that actually helps the boards review the materials and guides them going forward.

The ministry has continued provincial engagement and supported board and school engagement with local aboriginal partners and communities to explore data

sharing that builds understanding and increases the number of students and families choosing to self-identify.

Recommendation 3: As suggested by the Auditor General, the ministry released Ontario's first baseline data on First Nation, Métis and Inuit student achievement through the second progress report in 2013, and we've done that by focusing on our EQAO results. This use of data allows boards to continue to refine their strategies and develop new initiatives to close the academic achievement gap between aboriginal students and all students.

We've been monitoring and tracking the achievement results for self-identified aboriginal students from 2011-12 and 2013-14. We've seen notable increases. For our First Nations self-identified students, they've improved in five of the nine EQAO assessment indicators. For our Métis self-identified students, they have improved in six of the nine EQAO assessment indicators. For our Inuit self-identified students, they've also improved in six of the nine EQAO assessment indicators.

In addition, I'm happy to report that the data also shows that the achievement gap is narrowing for many of the indicators between self-identified aboriginal students and our general student population in some of these assessment indicators.

The ministry supports school boards and engages with aboriginal partners to develop targeted student achievement activities, and the boards will speak to these in a moment.

Recommendation 4: Related to funding, we have moved forward on a number of fronts. We've modified how we allocate funding through the education programs—our “other” stream. Allocation based on student population and self-ID is a part of the funding formula, so now that part of the funding is actually based on you identifying the self-ID; there is an encouragement for communities to self-identify now.

We are also in the process, in terms of our consultation around the 2016-17 Grants for Student Needs, which is our predominant funding for school boards—we've created a consultation guide on the First Nation, Métis and Inuit supplement that has identified a number of key discussion points that we are currently consulting on. So we're consulting with boards, but we have a separate consultation also with our aboriginal communities.

This year, the focus is around equity as we look at our funding formula. This again will focus predominantly on groups like our aboriginal students. In 2015-16, the First Nation, Métis, and Inuit education supplement of the Grants for Student Needs is projected at about \$51 million, which is an increase of over \$40 million since the grant was introduced in 2007.

Recommendation 5: The ministry agrees and is showing progress on this recommendation to improve educational outcomes for First Nation students living on reserves.

We've continued to pursue tripartite agreements with the federal government. We're happy to report that in April 2013 the government of Canada, the government of

Ontario and the Nishnawbe Aski Nation signed an historic memorandum of understanding on First Nation education. We will continue to work with our federal partners and First Nation communities on further developing tripartite opportunities, where possible.

Just last week, in a bilateral agreement, the province of Ontario and the Anishinabek Nation signed the first Master Education Framework Agreement and will now proceed to negotiate the master education agreement. Negotiations of the master education agreement are targeted to begin in November—this month—and be implemented by April 2018.

We'll continue to seek progress on this type of agreement, and other agreements, to improve educational outcomes for students on-reserve.

I'd also like to point out that we provide supports to teachers and education workers on-reserve. They have access to our education resource bank for our electronic educational materials. We also invite them on our regional sessions. They are free to participate in our professional development activities.

In conclusion, I want to reaffirm our commitment to continue on the progress we've made on the five recommendations, and we'll continue to report back to the committee. With the Chair's permission, I will leave the rest of my time to my colleagues from Algoma, Kawartha Pine Ridge and Lakehead District School Boards to elaborate in more detail.

The Chair (Mr. Ernie Hardeman): It's yours.

Mr. Rusty Hick: Thank you. It's Rusty Hick speaking. In Kawartha Pine Ridge, across our 7,000 square kilometres and with just over 32,000 students in total, we have three—

Mr. Gilles Bisson: Is this geography?

Mr. Rusty Hick: Fair enough—we have three First Nations communities: Alderville First Nation, Hiawatha First Nation and Curve Lake First Nation. We have tuition agreements with each of these three First Nations. Curve Lake is the only one that has its own school on-reserve. It has a kindergarten-to-grade-3 school, so the students come to us in grade 4 at Ridpath Junior Public School up in Lakefield.

We also have, across our system—and I think this points to the importance of the First Nation-Métis-Inuit framework being applied to all schools for all students—780 self-identified students, which translates to meaning that we have more students outside of those tuition agreements or outside of those First Nations who are, in fact, identifying as being of First Nation, Métis or Inuit heritage.

We have worked closely with our three First Nations over many years and developed strong and positive relations. That takes time and energy, and it takes respect, first and foremost. We have seen a growth in that relationship to where we are, in the very near future, for example, having a signing ceremony of our most recent tuition agreement with Hiawatha First Nation. They came up with the idea. They wanted their chief and council to be present, and we'll go to Hiawatha First Nation with

the chair of our board, as well as me and others, to have our formal signing ceremony—something that we haven't done in the past, which recognizes or acknowledges, I believe, the importance of these agreements to the communities and the feeling that they believe we're working closely and with respect.

As I said, most of our First Nation, Métis and Inuit students are not from our three First Nations, but what we have done across our system, I think, are some very important things, and that is when we look at this group as a whole, as the deputy minister has pointed out, our student achievement has increased very significantly—and we have been able to close the gaps between this group, which, as a group, was underperforming relative to the average for all students. We've been able to narrow that gap, which we're proud of. We believe it's some of the dedicated focused effort that has gone forward.

Frankly, I would agree also that this committee, the drive to quantify data and to put more than anecdotal things forward, to put hard numbers forward, is very important and certainly things that we continue to work on.

I would like to point out also that our self-identified population from 2010 to 2014 has gone up from 499 students to 780 students. So it's about a 56% increase in students. There are lots of reasons for that, and I'm sure the committee's aware of that. It's a feeling of trust, confidence and pride, in some respects, of one's heritage to be able to put it down on that paper.

There are other sides to that as well. There are logistical things that we've put in place, for example, secretarial training and so on to emphasize the importance of our school staff in getting that information as students register.

One thing, and I recognize our time—

Mr. George Zegarac: Yes.

Mr. Rusty Hick: Sorry. One thing I do want to point out—and perhaps I'll have time in a second—is a partnership with our dual credit at Fleming College. Thank you. I'll turn it over to my colleague.

The Chair (Mr. Ernie Hardeman): Thank you.

Ms. Lucia Reece: Good afternoon. Bonjour. Aanii. Boozhoo.

The Algoma District School Board office is located in the heart of the Great Lakes in Sault Ste. Marie. We cover a geography of 72,000 square kilometres that extends five and a half hours north of Sault Ste. Marie and two and a half hours east. We have 39 facilities, elementary, secondary and JK-to-12 schools and serve a population of just over 10,000 students. Currently, 14% of our students self-identify as First Nation, Métis or Inuit.

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The statistics in Sault Ste. Marie indicate that our community of 75,000 includes 10% of the general population who have self-identified. We educate 488 students who pay tuition fees from 10 different First Nation communities and the North Shore Tribal Council. Our self-identification policy has been in effect since 2007,

and we believe we have a near 100% participation rate on behalf of our aboriginal students. Our staff is also encouraged to self-identify, and this has been met with positive results.

Since my last visit to this table, we continue to work with our First Nation partners to develop trust, respect their traditions and work on student achievement. I'm pleased to indicate that since my last visit, we have signed two memorandums of understanding with two of our First Nation bands that allow us to share student data on a daily basis, thereby working together in a proactive manner to monitor student achievement and progress. We align, share and distribute our resources where they are needed most.

We continue to see our Urban Aboriginal Alternative High School as a success story. It's in its 12th year of existence and has a current enrolment of 190 students, who use this school as a re-entry to secondary education. The alternative program is delivered in partnership with the Indian Friendship Centre and continues to meet the needs of our learners. This school is a proud partnership between the Algoma District School Board and the Indian Friendship Centre and, to date, we have graduated 98 students and granted a total of 1,357 credits. In June 2015, the Indian Friendship Centre advised that we graduated the highest number of First Nation graduates in Ontario.

Our aboriginal education committee continues to meet and has developed a five-year strategic plan to support students in our board. That committee is comprised of First Nation education officers, representatives from the Métis Nation of Ontario, the North Shore Tribal Council and the Indian Friendship Centre, as well as Algoma University's indigenous student office and Sault College of Applied Arts and Technology.

We believe our greatest pride in public education is that when we say "all," we mean "all" and that we are committed to working with our First Nation partners to improve student achievement. It's important that all groups believe they have a strong voice in education and that we have the ability to meet their needs. We see ourselves, in the Algoma District School Board, as a learning organization, and we pride ourselves on learning, continuous improvement and feedback. We know that when we learn, we must do better and we must include our partners in doing that.

The Chair (Mr. Ernie Hardeman): Thank you very much. That is 20 minutes and nine seconds. We'll start the questions, and hopefully a question will go to our third presenter and she can take her time to make her pitch.

With that, we're going to the government.

Mr. Han Dong: Actually, I'll share my time with the third presenter and just give her a chance to talk about what she has to say.

The Chair (Mr. Ernie Hardeman): Very good. Thank you.

Ms. Sherri-Lynne Pharand: Boozhoo. Sherri-Lynne Pharand nindizhinikaaz. Thunder Bay nindoonjii. My

name is Sherri-Lynne Pharand. I'm from Thunder Bay and the Lakehead District School Board, which incorporates the cities of Thunder Bay, Armstrong and Collins.

We are very committed to the success of every student and, as such, we're proud of the work that we've been doing to support our First Nation, Métis and Inuit learners, as well as the work to incorporate indigenous knowledge into all areas of the curriculum and the classroom, thereby benefiting all students in our board.

We currently have 1,921 students who voluntarily self-identify, or one in every five students in our board. That is higher than the StatsCan data for our region, so we believe that indicates trust in how we use the data to improve student learning. Of those pupils, 196 are tuition-paying students from 12 to 15 communities, depending on the school year. The majority of our student population are urban aboriginal students.

Our aboriginal education advisory committee, our elders' council and community supports guide our work, and it's highlighted within our board's strategic plan, operational plan, board improvement plan and our aboriginal education committee work plan. We work hard with our community to ensure that strengths and needs are identified to implement programs to support learning.

To highlight a few new initiatives since the report back—we've developed the aboriginal youth leadership program, which is a summer program developed with many partners, that focuses on traditional teachings, key life skills, leadership development, healthy relationships, positive self-esteem and connections to education that foster self-identity, self-esteem, self-confidence, and enables students to bring that to the school setting. In addition, we offer K to grade 6 literacy and numeracy success programs to address summer gaps in learning.

Our aboriginal education tutors at each secondary school provide a supportive, safe place that fosters leadership skills, and provide academic tutoring and support transitions of those students from our First Nation community partners.

Our students say, "We find this space much more of a home than a classroom. The tutor is like a second mom and she's helped us all. If not for the tutor, we may not be as successful, because she pushes us to use our full potential."

Our collaborative increase has seen the development of new initiatives at many schools, a key one being the peer mentorship program at our high schools. Of his learning as a peer mentor and peer leader, one of our students said, "Leadership to me means picking up the people who can't pick up themselves."

Re-engagement programs that have been developed support our students who are at risk of not graduating, who have left school and who need alternative supports to bring them back into programs that help them on their life journey.

Our third round of staff training for all staff, based on our handbook, Aboriginal Presence in Our Schools, has also been completed since the last visit to this committee.

These are a few of the highlights of the many initiatives that we've implemented in consultation with our community partners that have contributed to improvement in all areas. Specifically, credit accumulation in all subjects over the past five years has narrowed the gap between First Nation and non-self-identified pupils.

I'd be happy to answer any questions. Thank you for the time.

The Chair (Mr. Ernie Hardeman): Thank you very much. With that, we will now start with the government side and we'll take the time off the second round. You've got 20 minutes.

Mr. Han Dong: Thank you very much. I want to thank you for coming this afternoon, presenting to us and, hopefully, answering some of the questions we have here at the committee.

I want to go to the Auditor General's first recommendation, where she suggested that to "reduce the gap in student achievement ... the ministry ... and school boards should:

"—develop specific implementation plans that identify and address the key obstacles faced by aboriginal students and routinely review and update these plans to assess what progress is being made," and there is a second part to it.

If the ministry can give us an update on implementing these recommendations and maybe talk about some of the achievements that have been accomplished within aboriginal education.

Mr. George Zegarac: I'll start off and then I'll pass it off to Janine, and maybe the school boards can speak specifically to their examples.

First of all, I'd like to clarify: We are working not only with the school boards, but very importantly with our aboriginal communities around the implementation plans, because this can't be done, quite frankly, without ownership of all three parties. That does take time and that has taken time through the dialogues, but we've had very progressive and supportive conversations with all of our aboriginal communities as we've developed the action plans. Those action plans have actually been informed by some of the work that has been done by various regional communities and school boards as we share some of those best practices of what's working.

I'll turn it over to Janine Griffore and then to my colleagues, if they want to add to this.

Ms. Janine Griffore: Thank you. More specifically, as the deputy indicated, as we develop, in working together with our aboriginal partners, the ministry implementation plan, we have the minister's advisory council working group, where we come to a common table to be able to discuss issues, concerns and challenges that are being encountered by our aboriginal students. Going through the 10 performance measures, as indicated in the policy framework, we were able to develop 16 different actions or initiatives to be able to address the needs of our aboriginal students.

Stemming from that—so that was the ministry implementation plan—we then invited boards to develop board

action plans, and that was starting in the school year 2014-15. As the deputy indicated in his opening remarks, all 76 school boards and school authorities in 2014-15 developed those action plans; and those action plans are again developed with the aboriginal advisory councils for school boards.

We are able now to put in place very targeted activities, very targeted initiatives, depending on the needs that are demonstrated in the various communities, because with this population it is not a one-size-fits-all. So depending on where communities are coming from, be it from urban settings, rural settings or remote areas, boards are invited to gear those initiatives with their First Nation partners and with their Métis and Inuit partners to meet the needs.

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The Chair (Mr. Ernie Hardeman): Next?

Mr. Han Dong: Sorry; do I have one more, if that's okay?

The Chair (Mr. Ernie Hardeman): Mr. Dong.

Mr. Han Dong: The ministry allocates funding to the boards to support the development of the board action plan on First Nation, Métis and Inuit education. Can you explain what this funding includes, and how it supports your implementation planning?

Ms. Janine Griffore: We allocate approximately \$5.6 million to school boards in terms of trying to, in a very concrete way, support the aboriginal students within their boards. So boards develop action plans, and those action plans are submitted to the Aboriginal Education Office of the Ministry of Education. We take a look at what those targeted initiatives are and the activities that have been identified by the school board, but in conjunction, as I said earlier, with the aboriginal advisory councils of school boards.

Not only do school boards have the education program's "Other" funding—the \$5.6 million—but also through the GSNs, the Grants for Student Needs, they're able to allocate the funding that best meets the needs in supporting their aboriginal students.

Mr. Han Dong: That's good.

The Chair (Mr. Ernie Hardeman): Next?

Mr. Arthur Potts: Sure.

The Chair (Mr. Ernie Hardeman): Mr. Potts.

Mr. Arthur Potts: Thank you very much, Chair.

Welcome to Queen's Park, particularly for our friends from outside of the city. Welcome to the traditional lands of the Mississaugas of the New Credit.

I represent a downtown Toronto riding. I wouldn't ask you to speak on behalf of our local school board experiences, but maybe the ministry can. Do we see the same kinds of issues related to performance indicators for off-reserve people in downtown Toronto within our school board system that are being addressed in the same way? I'm assuming that the experiences in the rural communities may be very different. I mean, 20% of your population base identifying—that's incredible. And the experience you've had in the Kawarthas of increasing

that identification is very—do we have the same kind of identification issues in downtown Toronto?

Mr. George Zegarac: Certainly, we have data, and I'll get Janine to speak to it. The challenge we have is that we have agreements with each individual board and their aboriginal communities as to when we share that data. Our three boards have that permission. We can get that, but we have to work with the TDSB, for example, to share about—Janine can give you a quick overview of what we're seeing as opposed to specific TDSB data.

Ms. Janine Griffore: As I mentioned, all school boards are developing board action plans, and so that would be inclusive of TDSB.

They are working with their mostly urban aboriginal partners. The OFIFC, for example, would be working closely with TDSB in establishing priorities, because the needs—you're quite right in identifying that urban aboriginal student needs could be quite different than what we're seeing in maybe northern communities, or remote communities. So they are targeting their initiatives and their activities according to what they are seeing the needs are through the data that they're collecting.

That's why it's so important for us to collect the self-identification data, because that is the only way that we have in being able to monitor and track student achievement levels and the well-being of our students.

So TDSB would have access to their board analytical profiles that the Ministry of Education provides to each school board now on a yearly basis, starting in 2014-15. We've provided two different aboriginal analytical profiles to school boards, and they're using that information to grow their board action plan.

Mr. Arthur Potts: Right. The auditor identified—and I think it's an updated number from her report—that it's about \$170 million that's been allocated to new student needs in aboriginal communities for those who have self-identified. We had a long discussion earlier about how that allocation takes place. There's some evidence that it was being allocated disproportionately to actual populations of aboriginals in school boards. Maybe you could talk to that a little bit. We also talked about the dollar amounts that are available, and then trying to track how those dollars are used. Are they used student-specific? Are they used for programs that all students are benefiting from? Maybe you could speak a little bit to how we've addressed that issue of disproportionality.

Mr. George Zegarac: I'll speak briefly to the overview of how we've changed our funding, and then I'll talk about how the funding is tied or not tied to individual students.

As Janine referenced and as I referenced in my opening remarks, we're using more of the self-identification as part of the actual formula, both in terms of—we used some StatsCan data, I think about 60%, and 40% is based on self-ID. We're starting to shift it to as real a number as we can in terms of the populations in those communities, both in terms of percentage of population and in terms of the nominal number.

We are now, as I identified, into a discussion around the GSN, a bigger value of our investments and how we're actually targeting some of that funding to these struggling populations, aboriginal being one, youth in care another, and special needs. So that discussion is under way, being informed by data and by the evidence that we actually have in terms of our best practices.

I'll get Janine to maybe get into the details of the numbers, but I would say that the funding—special needs is enveloped. Do you have to use that for special needs? Some of the aboriginal EPO funding is enveloped. Some of the GSN is not. That's why we have to look at whether we need to tighten some of the rules around the overall funding to be more specifically targeted to these communities.

I'll turn it over to Janine, and then maybe the boards may have something to say.

Ms. Janine Griffore: In terms of the funding amount, what is being projected for the school year 2015-16, as the deputy indicated, around the GSN, the Grants for Student Needs, is approximately a \$50.8-million envelope. That's the bulk of the investment. As part of that \$50.8 million, there is approximately \$8.9 million being allocated to native languages; \$21.2 million being allocated to native studies, and those are specific courses; and \$20.7 million that is then being allocated to the per pupil amount. That's for the \$50.8 million.

Then there is an envelope of approximately—I believe it's \$12.8 million. From that \$12.8 million, there is the \$5.6 million that is allocated to school boards through the EPO, Education Programs—Other. There are also very targeted projects that the Aboriginal Education Office funds, to the amount of \$3.3 million. There's the alternative secondary school program, and I believe that Lucia mentioned the success in the Algoma District School Board with that particular program. There is \$1.4 million being allocated to that program provincially; and to third parties, for projects that we work with our aboriginal partners in different organizations, \$2.5 million. That gives you a broad overview of how the funding is allocated within our aboriginal education strategy.

Although this is funding that is allocated for our aboriginal students, district school boards have envelopes of money, be it through special education or other different programs, that they do use as well to serve the needs of all students. As we indicated when the boards were talking, boards are taking a look at how we serve all of our students regardless of their backgrounds.

Mr. George Zegarac: I don't know if the boards want to add anything to that.

Mr. Rusty Hick: I would just add, in terms of specifics to follow up on that, that the funding has provided us the opportunity to hire dedicated staff. We have two and a half full-time-equivalent staff to work with our First Nation, Métis and Inuit students, but who also do some work with the broader student body, so all of our students. So it addresses both. It also provides funding for resources. We have a resource called We Are All Treaty People, as an example—so spreading that out.

Then tomorrow, for example, we have another event where we invite secondary students, just of First Nation, Métis and Inuit descent or who are self-identified, to come together and have an opportunity to attend workshops and then to have an opportunity to network. So it does all of those things on a specific board level.

1310

Ms. Lucia Reece: I would add to that as well that part of the benefit of working with our partners through this has been the ability to address unique needs. When looking at the data, if the opportunity is there and a need arises, we're able to put our heads together with our First Nation partners. As well, I don't want to miss out on saying that we've been asking students themselves: In terms of their achievement and well-being, what do they need in our schools? We've been able to, as you've heard, put in some very unique programs to support some of our students.

I also want to acknowledge that our First Nation partners have been aligning their resources as well because they also want to work with us. We have examples where they support, through counsellors and mental health support at some of our school sites, and programs where we can offer after-hours support to students—so they're not only working in our schools but they're going to band offices after, continuing that learning through some of the counsellors and supports that they've put in place as well.

Mr. Arthur Potts: Three more minutes? Go ahead; sorry.

Ms. Sherri-Lynne Pharand: Thank you. In addition, I believe that our aboriginal partners, through our advisory committee and our First Nation communities that we work with—the funding enables us to offer a native language, which we would not be able to do without that funding. It's critical to our partners that we're able to offer that.

It also enables us—we have a very large geography—to travel and outreach to the communities who send their children to us for high school. Without that funding and without that support, we wouldn't be able to do the outreach.

The involvement of elders and community in our schools, actively participating in our classrooms, is also enabled through the funding, and creating welcoming environments along with the resources, in addition to the staff and the staff training that have been provided.

Mr. Arthur Potts: How many minutes?

The Chair (Mr. Ernie Hardeman): You have about four minutes.

Mr. Arthur Potts: Perfect. Just another quick one: The self-identification, we know, is so important, and because there are dollars attached to it, it's important to school boards, as well as being important to the students who are benefiting from it. So I also appreciate very much the fact that it's a broader education so that everyone can be feeling proud of people's aboriginal heritage, and that will help raise the self-identification.

In my own community in Malvern, I was very happy to present—or Mr. Bartleman presented his award for

aboriginal youth creative writing to Justice Ryan, who is a member of Malvern, and that sense of pride that she had in being there, that she could come out in her community and identify. It was very, very important.

But we talked earlier this morning about—because there are dollars attached to it, is there an expectation of a certain level of aboriginal blood attached to this? There are people I know who self-identify as Métis who probably have maybe one-twelfth of their heritage, but it qualifies for cards and such. How do you go about with that sort of definitional issue?

Mr. George Zegarac: I'll turn it over to Janine, but we don't get into that level of detail. It is self-identification. There is a bit of trust. As everyone knows, rebuilding trust with this community has been really part of the objective.

We're actually sitting down—tonight we had a meeting with Regional Chief Isadore Day, and we talked a lot about the data aspect. We are now just at a point where everybody is comfortable, quite frankly, with how we're using the data. Part of their history has been that we've done things to these communities; we haven't necessarily done things with the communities. We've had the same reaction from our Métis partners and others.

We've actually landed in a very good spot, I think, where we're in a good foundational place in terms of relationship with these communities. Now we're actually focused on: What does the data tell us? That first part, quite frankly, over the years has been rebuilding a relationship. That has been a very important part. As we talked a bit about the time it takes—you can't rush that. You can't rush trust.

But I would just say that that conversation is now occurring. The other thing I would point out is, we're now going to be engaged together with our aboriginal communities, the First Nations, Métis and Inuit, and looking at what our data needs are going forward. Last week, we announced a project where we're going to be looking at data needs. With the removal of the long form in the census, we'll take a look at what we would recommend.

Mr. Gilles Bisson: I think it's coming back.

Mr. George Zegarac: Yes, but this is our opportunity to actually say what should be in there. The long form didn't have all the things we needed to begin with. We're going to do this with our aboriginal partners so that we can actually be informed as to how we want to progress going forward.

I don't know, Janine, if you want to add anything to that.

Ms. Janine Griffore: To address your question, that's why we call it a voluntary, confidential self-identification policy, because if you identify with the group and you want to self-identify, then you can self-identify through the school board forms.

Mr. Arthur Potts: Okay.

The Chair (Mr. Ernie Hardeman): You have about a minute and a half.

Mr. Han Dong: I have a very short one. Listening to the talking about data collection and analysis, I noticed

that in comparing the students' achievement, specifically the EQAO passing rate, the self-identified aboriginal students are significantly lower. One of my colleagues this morning asked the question, when we got the briefing from the AG: "Do you think that had anything to do with the language they used in the test—so for grade 3, if it was done in their native language maybe the score could be higher or the passing rate could be higher?"

Mr. Rusty Hick: I think we can look at a broad number of reasons. Language isn't always the issue. Our self-identified students: Many of them would speak English as their first language and may not have any understanding of their traditional language, as an example. Others coming from a First Nation community would perhaps be exposed in their early years but would also be receiving it as a second language even in their own school, for example. The language of primary instruction would be, in our instance—I can't speak for the others—would be English.

Having said that, there are other sociocultural and historical reasons for groups being disadvantaged over time and having a lower-performing rate. There are a number of groups who fall into that category. We all know that poverty is one indicator that helps to push students toward lower achievement, and we try to overcome that.

The Chair (Mr. Ernie Hardeman): Thank you very much.

Mr. Han Dong: Thank you, Chair. I promised her I would ask that question, so there you go.

The Chair (Mr. Ernie Hardeman): With that, we now go to the opposition: Mr. Miller.

Mr. Norm Miller: Thank you, Mr. Chair. As the opposition, I'm going to start out with—our job is to hold the government to account and being a little bit critical, I guess. My question, really, is: Why is it taking so long? I'm reading from the auditor's report and it says that in 2005 Ontario's New Approach to Aboriginal Affairs was created, and then in 2006 the Ministry of Education identified aboriginal education as a priority, with a focus on closing the gap in academic achievement between aboriginal and non-aboriginal students by 2016. I do agree that some progress has been made, but I think it's safe to say that that 2016 goal, set in 2006, is not going to be met; that the gap will not be fully closed by then. Maybe you can help us understand just why it is taking so much time.

Mr. George Zegarac: I would say two things and then I'll open it up to my colleagues, who can add to it. I think the first I've already spoken to, which is that we didn't move forward unilaterally. This is a strategy that was consciously selected to be a collective strategy of school boards, ourselves and our communities. Our aboriginal communities have different interests and different perspectives, so you won't get a uniform answer from any of our parties on what we need to do. We've had to invest time to do that.

We've got delegations coming from all over the world to look at our improvements in literacy, numeracy and

graduation rates. I have to remind everybody: We're at 84%, and our target for graduation is 85%. But we're now in 2015-16. We started this a number of years ago. It has taken time. We're learning as we go. Frankly, it is more difficult as you deal with students who are struggling. It's not just a cultural issue. Some of these students are not just in aboriginal community backgrounds; they are youth in care; some of them have special needs. They are not simple issues. When we're down to the last 16% in terms of our graduation rate, it's going to be tougher. It's going to be harder slogging in terms of our strategies.

The important thing is that we are using research and evidence to guide us. Collectively, we've invested a lot of money in data across the entire system, in terms of the province. Our MISA infrastructure is giving us the ability to understand what the impacts of our decisions are. We have Ontario researchers who are renowned across the world for the research they're doing here in Ontario.

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So I would just say that there is no shortcut to this. This is about perseverance. I have to say, I've been in the provincial government for 30 years. I've actually served all parties at some point. Everybody has had the intent of helping this community. There's not a government that I've served that has not tried. The challenge has always been the perseverance to keep at this, and I think we're in a great foundational position here.

I'm going to turn it over to my board colleagues to maybe elaborate.

Ms. Sherri-Lynne Pharand: I'd like to concur that it really is about building the relationships and taking time to work with the community and to identify the unique and specific needs of each community. I think, in addition to that, it's about helping our staff and our teachers to know and understand the broader context and to think about different ways of knowing and to respect different ways of knowing in our classrooms.

Just as an example to highlight that: When we looked at our grade 9 and grade 10 science and math results, we noticed that our First Nations students were not achieving at the same level as their non-self-identified peers. We have spent time with Seine River First Nation, Lakehead University and Fort William Historical Park developing a wild rice initiative, where we're going to be growing and developing and monitoring and researching wild rice within the classroom and out in the community, and using data to measure that and monitor it and grow it—environmental science, mathematics, statistics and research.

To do those different types of engagement and learning in the classroom, to bring different ways of knowing, to learn about and respect different cultures and to bring that into the classroom, really takes time. But we know that when we take that time and we involve our community partners and when we involve our First Nation members, it really does make a difference. We believe, through our data, that we're on the right track, but we do have more work to do.

Mr. Norm Miller: To follow up on some of the questions asked by the government on this self-identification

issue: How much of a role does the ministry play in that? Maybe you could run me through just how it works. Is every student in the public system asked at some point if you identify as whatever? Is it random? Is it voluntary? I gather, initially, the auditor pointed out that only 50% of the population were self-identifying and that this is important for funding. So perhaps you could run through the mechanics of how that works and whether it varies from board to board, and whether the ministry does put out a template for the various boards.

Mr. George Zegarac: I'll speak at the higher level and then let Janine speak to the specifics.

The boards got involved in self-identification back in 2007. That was kind of our launch. In the initial stages, there was an issue of building trust: "Why would I give you a self-ID?" As I articulated earlier, I think there's been a lot of mistrust in terms of historical educational experiences across this nation. So it took time. The good news is, we've gone from 44% to 52% to 59% and we see an attitude—the discussions I've had recently with our First Nations, Métis and Inuit communities is that they now feel that they can step in front of this with us. They weren't necessarily there, because we were rebuilding both the trust in terms of relationship building, but also clarifying for them how we would use this data. That was very important because they were communicating back to their communities and having, quite frankly, to sell on our behalf.

We're now comfortable, I think, that we're going to see some rapid increases in this. The good news is, it'll be done because people feel that they're going to be well supported in the discussions going forward with regard to good data, and that the intent is actually to provide support for these communities. It's not intended to blame or shame anybody with regard to data. That was very important. There are jurisdictions across the world that, as we know, have used data to take funding away from the communities where they're not performing well and to, quite frankly, shame certain communities. That is not the intent of this government, nor is it the intent of the school boards.

I'll turn it over to our colleagues if they want to add something.

Mr. Rusty Hick: I can just say, specifically, that our secretaries have been trained. So, on the initial registration of any student to our system, they are given the opportunity to identify as First Nation, Métis or Inuit. We don't gather any other heritage sort of statistics. I think that was part of your question.

Mr. Norm Miller: So every student gets asked, then?

Mr. Rusty Hick: They have the opportunity, yes. Then, annually, they can update their registration form, yes.

Mr. Norm Miller: It sounds like it's different board to board, then: that each board comes up with their own way of doing this. Does the ministry play any role in giving a best practice to the boards?

Ms. Lucia Reece: I can say that we certainly do the same, where it would be right at JK registration that all of

our students would be asked. I think the role that certainly the ministry has supported for us has been at sharing across regional sessions, where we've been able to share best practices. We've been encouraged to do that. I think all of us have shared all of our materials and practices across all of our regions to support our colleagues in other boards.

Ms. Sherri-Lynne Pharand: We also have the same practice as outlined by my colleagues. The other piece that I'd like to add is that we outreach to the community regularly, as well, in order that, in our urban aboriginal community, parents and families understand why we're collecting the data and how we use that data.

Mr. Norm Miller: So there's an education component for the community to see that there is a benefit for them to self-identify.

Ms. Sherri-Lynne Pharand: Absolutely, yes.

Mr. Norm Miller: Does the ministry play any role in that, in the education portion of it?

Ms. Janine Griffore: The Ministry of Education helped or assisted school boards in the developing of the policies. When we mention the fact that all 76 school boards and school authorities have policies, the Ministry of Education supported the boards in developing those policies. Now the ministry is in a position to share best practices.

Now that we all have a policy in place, it's more about trying to explicitly describe what the added value to self-identification is within each one of the boards. Students will often ask, "Why would I self-identify?" The onus is on school boards and on the ministry to be able to describe what are those targeted initiatives, what are those supports that are added, and what are the benefits of self-identification for students.

Mr. Norm Miller: The federal government, of course, plays a role with the on-reserve schools. You had mentioned that—

Mr. Gilles Bisson: Very badly.

Mr. Norm Miller: What's that?

Mr. Gilles Bisson: Very badly.

Mr. Norm Miller: You had mentioned that you're engaging more with the federal government, because, obviously, if you're eventually getting a lot of those students in the secondary schools and they're not doing as well—and they aren't doing as well, I think, historically—that's a problem that has got to be addressed.

The province is the expert on education. Can you describe a bit the role you're playing with the federally run on-reserve schools to get better results?

Mr. George Zegarac: Right. As I mentioned earlier, we've been proactive in not waiting, quite frankly, for some of these changes to occur. We've actually started sharing resources and professional development opportunities, because we can't wait. We've actually engaged with our school boards in local communities to make sure all of our research and all of our evidence is being shared with those who are educating and providing supports in those schools.

So that's kind of been our active strategy. We've engaged directly. We have one tripartite agreement. I think that's a great success, which I referenced, back in 2013. We need more of those. We need to rebuild that conversation.

I think that we have tried, on many occasions, to engage the federal government around this issue. There was, as you're fully aware, a consultation that was not supported by our aboriginal communities here in Ontario. Part of the problem is how that conversation occurs. We can't have a bilateral with the feds without having our community partners at the table.

That's kind of a prerequisite that we would want to engage in with the new government, which has demonstrated, at least in terms of their programming, that they want to address this issue. We will certainly put efforts into engaging in that conversation as quickly as possible.

Anything from our school boards?

Ms. Lucia Reece: We also have transition programs for students who come to us off-reserve. Many of them, for example, have never gone to a restaurant; they haven't travelled on a bus; they've never been to some of these social situations that many of our students would be familiar with. So we have mentoring programs and we have counsellors that we have on hand to support them. We make a very definite point of reaching out and supporting them. I believe my colleague to my right, minimally—I'm not sure about Rusty—would have a similar program.

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Ms. Sherri-Lynne Pharand: We do have a similar program. We also provide tutors in the classroom and a safe space for students who wish to engage with an adult who is looking after them and a way that they can connect with home.

I would like to speak, however, to the partnerships that the deputy minister mentioned a moment ago. We are part of the area where they have the tripartite agreement with the NAN community, Nishnawbe Aski Nation. Most NAN communities send their children to us for high school. We do reach out. We invite the staff from our NAN community to our PD sessions. We attend their conferences as well. We have a lot of sharing of information and resources. Through that partnership and tripartite agreement we've jointly developed a transition protocol for early registration so that we can develop strengths-based timetables for students.

Shared staff training: We do shared community visits as well. We go up and speak with the parents who are sending their children with us. We did have one school staff who actually came and shadowed within our community at another school, and they had a partnership for quite some time with the purchasing of resources, some common PD and some work that they did together. So we are really beginning to build those relationships between federal schools and provincial schools.

Mr. Norm Miller: Thank you. I believe the member from Timmins-James Bay has a private member's bill he's working on to see the province take over the on-

reserve schools. Is there any province that does that, that runs the schools on-reserve in Canada? Are you aware of that?

Mr. George Zegarac: I don't have any knowledge of a province that's—as we said, there are provinces that have had treaty agreements and have had more individual authorities given to the individuals but not where the province is running them that I'm aware of.

Mr. Norm Miller: Have the First Nation communities communicated whether they think it would be a good idea for the province to be more involved and perhaps even run the on-reserve schools?

Mr. George Zegarac: I think the conversation we've actually had with our communities is how they would grow their own capacity to run the education system in their communities, and what we're doing is continuing to work on capacity building because that really will be important to us, to make sure the students succeed right now, but in any endeavour of taking over additional responsibility in the future it's all about having the capacity to do so. That's where our conversations have been, not necessarily in that discussion that you raised.

Mr. Norm Miller: How much time do I have, sir?

The Chair (Mr. Ernie Hardeman): You have about four minutes and eight seconds left.

Mr. Norm Miller: One minute?

The Chair (Mr. Ernie Hardeman): Four.

Mr. Norm Miller: Four. Okay. That's enough time to ask a question.

Getting back to the recommendations of the Auditor General: (1) was develop “goals and performance measures as outlined in the framework ... and report aggregate results” of the progress made. I'd like to ask a bit about what goals have been established, when the data is available and what data is currently available.

Mr. George Zegarac: I'll let Janine Griffore speak to this.

Ms. Janine Griffore: Within the policy framework there were 10 performance measures that were determined jointly with our aboriginal partners back in 2007. From those 10 performance measures, I would say that four of them relate to a pillar that we would call “using data” to support student achievement. Taking a look at province-wide assessments in reading, writing and mathematics, looking at increasing the graduation rate, improving our First Nation, Métis and Inuit student achievement in general—that particular pillar.

Then there are performance measures that are associated with supporting educators, because we're talking very much about the Aboriginal Education Strategy focused on our First Nation, Métis and Inuit students right now. But there's also another component to the Aboriginal Education Strategy, which is increasing the knowledge and awareness of all students in the province around First Nation, Métis and Inuit histories, cultures, world views and perspectives. We want to be able to measure how we enhance that particular knowledge and awareness.

There's also a performance measure around building the professional development capacity of our educators to

be able to deliver on that curriculum in the regular provincially funded schools to all students.

Then there's the other pillar around supporting students, what we've been talking about—those targeted initiatives for First Nations, Métis and Inuit students. Taking a look at board action plans: What are the needs of our students, and what kinds of initiatives and programs do we need to put in place?

Then there's the enhancing and building the engagement piece of our First Nation, Métis and Inuit partners, because it's very much around not the government having the solution for our First Nation, Métis and Inuit partners around education, but how we, together, collectively, working with our partners, have the solutions to enhance student achievement.

The Chair (Mr. Ernie Hardeman): Just one minute left.

Mr. Norm Miller: Okay, then I'll ask a brief question. You mentioned that you'd signed master education agreements. Could you tell me a bit about that, please?

Ms. Janine Griffore: Last week we had the historic signing ceremony with the Anishinabek Nation in Ontario. It is a bilateral agreement and it is the framework agreement. Ontario has entered into discussions with the Anishinabek Nation to be able to focus on those areas that, together, we feel would be important for us to address as they continue on and build their own education system.

We've had an opportunity over the course of the past year to share with them our promising practices, the programs and the services that we offer in our provincially funded schools to our students, and they've had an opportunity to share with us those programs that currently exist within First Nations schools on-reserve.

We're taking a look at what might we do to build the capacity of our staff reciprocally, because it's not only what we have to offer to our First Nation partners, but they have a lot to offer to us as well in terms of growing the awareness and the knowledge. That master education framework agreement is basically an agreement on the topics going forward that we would like to negotiate in a master education agreement.

Mr. Norm Miller: Thank you.

The Chair (Mr. Ernie Hardeman): Thank you very much. With that, we'll turn to the third party. Mr. Bisson.

Mr. Gilles Bisson: Let me just make this comment at the beginning: I think, in fairness, there has been progress made when it comes to education for aboriginal children in urban settings in our public schools—our Catholic schools or public schools, whatever boards they might be. And I think you're right; the deputy minister referred to this as something that every government has grappled with in order to try to figure out how we give kids in our communities the same chances as every other child, because if you look at the stats, they don't bode very well for aboriginal children when it comes to success rates, when it comes to graduation and being able to compete with other kids. I just want to say, as a member who represents a large geographic area that has a fairly

significant native population, I recognize there's been some progress made within the provincial system and somewhat within the federal system—but I'm very critical still of the federal system.

I've got a couple of questions that I don't want to dwell on, but they're just follow-ups to the auditor's report. Then I want to get into the nut of what I'm interested in with regard to where we go from here.

The money that they get out of these initiatives is not in their GLCs; it's separate, right? The self-identification: There's money attached for children who are self-identified as First Nations. This is not in their GLCs; this is separate, is it not?

Ms. Janine Griffore: There are two different pots of money. One is within the GSN, and so—

Mr. Gilles Bisson: Oh, I said "GLC"; sorry.

Ms. Janine Griffore: Yes, the Grants for Student Needs.

Mr. Gilles Bisson: Yes.

Ms. Janine Griffore: That is the \$50.8 million, and that is to meet the needs of First Nation, Métis and Inuit students in school boards.

Mr. Gilles Bisson: I understand what it's for. I'm just trying to figure out how it's flowed. So it comes within their normal education grants?

Ms. Janine Griffore: Yes, and then there's a second pot of money that is proposal-based. That is through the board action plans. That's the \$5.6 million.

Mr. Gilles Bisson: And that's everything from cultural awareness to language to whatever. Okay.

Ms. Janine Griffore: And that part is based on the self-identification numbers.

Mr. Gilles Bisson: The one that's part of the actual education grant: How many dollars per student are we talking about in addition to what would be normally given?

Ms. Janine Griffore: The per pupil amount allocation is \$20.7 million out of the \$50.8 million.

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Mr. Gilles Bisson: What does that mean per student, though?

Ms. Janine Griffore: I don't have that information.

Mr. George Zegarac: We can get that number and report back to the committee.

Mr. Gilles Bisson: Can I please request that the committee be given how much that is per pupil in our—

Interjection.

Mr. Gilles Bisson: Thank you very much—and also how much per pupil does it work out to with regard to the additional monies that are applied for by school boards across Ontario?

Mr. George Zegarac: We can start to do that. I just want to caution: We have a number of projects that we provide to school boards that are innovative. Part of that population will be aboriginal students. So trying to draw the line—but we will do our best in terms of those who are specifically targeted.

Mr. Gilles Bisson: Please provide the committee with that.

The other part is, I know that the Lakehead board—because I have some experience with Lakehead, and the people up in Sault Ste. Marie are doing some great work, as they are at TDSB and other school boards around the province.

Do we know that the money that is being targeted for the support of aboriginal children is actually being spent for the support of aboriginal children? Is some of that money being used—let me just put it simply. As I understand it—maybe I'm wrong; you can correct me—you get your grants based on how many students you get, and then the board decides how that's going to be spent when it comes to the various needs of the board when it comes to educating the kids who are in their care.

This money that then goes separate to those grants, which are targeted for aboriginal children—my question is, do we know that it's all going to that, or is some of it going elsewhere?

Ms. Janine Griffore: In terms of the GSN component, you're quite right: Those are decisions that are made at the local board level. As for the board action plans and the \$5.6 million that we allocate to boards, there are reports that come in to the Aboriginal Education Office. That money is definitely tracked according to the targeted initiatives that are in the board action plans.

There is also the component of the aboriginal advisory councils within the school boards. That's where school boards—

Mr. Gilles Bisson: That's where some of the accountability would happen.

Ms. Janine Griffore: Exactly.

Mr. Gilles Bisson: Can you please provide this committee with the reports that you get, which you just mentioned?

Ms. Janine Griffore: Yes.

Mr. Gilles Bisson: If you could please provide us—

Mr. George Zegarac: Could I just add for the member: The other part of the conversation, which I tried to address in my opening remarks, is that right now we're consulting on the GSN itself for the exact reasons that you've raised: Do we need to tie some of the money more specifically to targeted communities that are struggling? So we are in that conversation and we can be able to report back on that.

Mr. Gilles Bisson: Yes, because I checked back with one of the boards—I'm not going to say which one because I've got four of them. My understanding is that it's not part of their general grant; it's separate. That's the way it was explained to me.

Ms. Janine Griffore: There's a line in the GSN that is called First Nations, Métis and Inuit education supplement within the GSN. That is an envelope of money that is geared toward the First Nation, Métis and Inuit students.

Mr. Gilles Bisson: Okay. If you could please provide us with the accountability of where the dollars are spent, how much per student and what measures we have when it comes to knowing that this is working. I see anecdotally, within the community, that there are more kids

now who are in our school board, trying to finish their grade 12. There's a great program run by the friendship centres across this province where they're capturing a lot of these kids who dropped out of school who are now back, getting their grade 12. I've got to say, that has been very effective. But I still would like to see that.

Now, let me get to the other part, and this will be my little hobbyhorse. I'm probably in the minority here in the sense that, if I talked to most of my friends who live in communities like Attawapiskat or Albany, whatever it is, most people would want to see education stay with the federal government, under local education authorities on-reserve.

I think that's a mistake. I look at the results that those schools have provided, not because they don't have good staff, not because they don't the will to do what's right for the kids, not because of the parents, but the federal government is not in the business of education; we are. We are really good at what we do.

I'll just put it in the context of this. We just recently transferred the administration of hospitals—the last one, which was Weeneebayko—to the province, about two years ago. Trying to get a decision by the federal government to deal with some of the basic issues we had before having to do with hospitals was pretty slow. We just had a spill in Attawapiskat, a diesel spill underneath the hospital. I give full credit to the Minister of Health. Within, I would say, a week of my contacting him, the decision was made to support the Weeneebayko hospital and the community to clean the spill. Never mind who caused it; never mind all of that stuff. Just make it fixed.

We are now moving back into our hospital. We are now going to be dealing with our second phase of the cleanup, again with the full support of the minister. But I believe it's not just a question of the minister, although I do appreciate his support. It's a question of: The province is in the business of delivering health care; the federal government is not. So we have a capacity within the Ministry of Health to be able to respond to these things in a fuller way, contrary to what we saw in the education file on the First Nations side.

I am bloody mad at our federal government for having taken over 20 years to build a new school in Attawapiskat, a school that was contaminated because of a diesel spill. Kids were left in portables for 20 years. It took parents having to protest by pulling their kids out of the school to get the federal government to even put portables in place.

I don't think it's because the federal government is evil; I don't believe it's that at all. I think all politicians on all sides of the House, whatever their parties are, try to do the right things. The federal government is not in the business of education; I come back to the same point.

So I'm sort of trying to work towards getting some buy-in within the First Nations community—and I've got to say, it's difficult—that we move to a system where, if the First Nation chooses and the provincial government, obviously, is willing, we negotiate a transfer of responsibility for education from the current system, federally,

to a school board model that would be aboriginal school boards.

Let me just say this—can you put your translators on? Because I want to make a point. I'm going to speak French in about a second. I'm just doing this for the point. You're going to need translators, for those who don't understand French. I'll just give you a couple of seconds.

Moi, je suis francophone. J'ai appris le français à la maison. Mais si je parle encore le français aujourd'hui et je suis capable de l'écrire et de m'identifier comme francophone, c'est parce que j'ai eu une école en français. J'ai été capable d'aller au primaire, comme au secondaire, et aussi même au postsecondaire, dans ma langue pour me donner la confiance de compétitionner avec n'importe qui dans cette province. Puis ça, c'est une des affaires clés pour la francophonie : s'assurer que les francophones ont la même opportunité quand ça vient à l'accès à l'éducation dans leur langue—qu'ils peuvent se trouver et s'afficher fiers comme francophones. Cette identification vient à travers la langue.

Back to English; I made my point in French. If I'm standing here—what am I now? A third-generation Ontarian, still able to speak French, still able to write French. My daughters do the same. One of them went to a French university. My grandkids all speak French and go to French schools. It's because we have a system in place that allows that to happen.

One of the things—and there's a question coming here. I'm doing all of this because I'm both lobbying and looking for answers. That's a job you do as a member. That's what we do: We try to advance ideas, and all members here do it well.

Mr. Lou Rinaldi: You do it great.

Mr. Gilles Bisson: Well, you do it not so bad yourself, Lou.

The point I make is this: You made the comment earlier—and I sincerely believe that's the case—that, and it was Mrs.—what's her name?

Mr. Han Dong: Hoggarth.

Mr. Gilles Bisson: —Hoggarth who made the point, and I think she was right. If kids are confident about who they are, they will do much better in their school and you'll get much better results. It's not just a question of is Cree their first language or is Oji-Cree their first language. I think that's part of it, but the other part is that you have to feel good about who you are.

As a francophone, I've never worried about who I am because I am Gilles Bisson, a francophone from Ontario. I want aboriginal kids to feel the same, to learn their language and to embrace their culture through that language. I think the best way to do that is through an aboriginal school system that is federally-provincially funded and that is agreed to by First Nations, because this ain't going to happen unless individual First Nations buy in. We all know how that one goes.

I'm not looking for an endorsement here, but my question is, and I guess it's sort of—I guess I am looking for an endorsement. I'm trying to get around it very softly.

It seems to me that if we can start to move in that direction, to where we actually have school boards that are run by aboriginal people as far as trustees—

The Chair (Mr. Ernie Hardeman): I would just stop the member there and point out that we are dealing with the auditor's report, not education policy well beyond the scope of this committee.

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Mr. Gilles Bisson: I think the auditor will appreciate this question.

The Chair (Mr. Ernie Hardeman): I think you're dealing in the area of policy that's going to be decided by a different panel than the one that's before us today. I would just ask the member to get back to the auditor's report.

Mr. Gilles Bisson: Thank you, Chair, for that direction, but everywhere you go, you try to do your job. I will try to stay away from a question that boxes them in.

My point is this: In your estimation—what we're doing at the school board level, I think, is bringing results. If we can do that on-reserve, it seems to me our results would be augmented.

I'll just leave it at that and see what you have to say.

Mr. George Zegarac: Okay. I will jump in on a couple of points.

First of all, I am very confident in the capacity we have in our provincial school system. We have jurisdictions that come from all over the world to look at that. Can we run schools really well? I'm very proud of our system and how our educators and our education workers collectively deliver that service. Is there a gap that we are all frustrated with with regard to capacity in certain reserve communities in particular? Yes. What that solution is, I would go back to the Chair. That's a policy question for political discussion—

Mr. Gilles Bisson: And that's what I'm having.

Mr. George Zegarac: —and probably not something I can answer.

Mr. Gilles Bisson: Thank you. On to the next part of this.

Back to how we measure our success within our own school boards, one of the things that we're having a few problems with this morning, to be fair, is that as we were looking at the auditor's report and looking at the recommendations and your responses, I think some of us were a little bit disappointed, I'll just put it that way, at being able to figure out how we actually measure the success that we have. It didn't seem to me in your response to the auditor that that was actually being addressed as fully as it needs to be.

Mr. George Zegarac: I'll speak to two facts. One is that we are, as I reported, using the current measures we have, which we agreed to with our aboriginal communities. Those were the EQAO scores. We've shown, and I think I highlighted, the progress we've made, both in terms of increasing the performance and closing the gap in those areas.

I would also point out that the current dialogue is not just about progress. It would be a continuous-improve-

ment discussion. We'll have more data to be able to assess the improvement.

But it would be unfair for me to say that that is where we've left the conversation. There is a lot of conversation right now that that's not enough and that the well-being aspects, the measures on well-being—and that's true for all of our students, not just for the aboriginal community, but in particular for the aboriginal community. We have to have a sense of educating the whole individual and showing the progress.

Some of the observations you shared with us we would support. You have to have self-esteem and confidence if you want to succeed.

So how are we measuring that in our student population? Are they engaged? We did research. I was leading the student success initiative in the ministry. One of the dilemmas we had is we didn't know why kids were leaving. We actually did something innovative: We actually had a researcher go talk to the kids. They told us, "You know what the real problem was? Nobody in that school knew anything about me, didn't care about me."

That was not a pedagogical—in terms of pedagogy, teaching. It was how we engaged our kids, that we care about our kids. When I speak in particular about our at-risk kids, and that would include our aboriginal youth, our youth in care and our special needs kids, the conversation I have is, "If this was your child, would you give up on them?" That's the way we need to be able to approach these issues.

Is there enough information for us to be certain of the progress we've made? No. We need to look at other measures. But are there enough indicators that are saying we're making progress? I would say yes, and I would say not just on the fact of the indicators themselves, on the academic achievement, but the fact that the aboriginal communities now sit with me and say, "You know what? We are in a great place." That is not a conversation I've had or many have had in previous years. The conversation now is, "Where do we go together?" I think that's something that we should collectively be very proud of, that we've invested, we've rebuilt that and we're working with them.

I don't think the solution is bilateral in any way. I think this is going to have to be a discussion where it's a tripartite discussion of how we move this. There is capacity-building that for sure has to occur in those communities. As I said, I think the political discussion is how you build that capacity.

But I think we will continue to look at what those measures are, and we'll work with this committee to update you on what we think is probably a better measure in the future. But right now we need to continue to show the progress we have on the measures that we have right now.

Mr. Gilles Bisson: I think it's also a question of all of us understanding what we signed when we did the treaties.

Mr. George Zegarac: Absolutely.

Mr. Gilles Bisson: Treaty 9 is obviously the one that I'm more preoccupied with because it covers our area.

Part of the covenant of that treaty was making sure that kids got access to education. Why did a lot of parents choose back in the day to come in off the bush and have their kids go to residential school? It's not because they wanted to put them in residential school. They were trying to find some way to give their kids an education. What we're seeing is, a generation after that, people are now starting to come to terms with: How do I build an education system that we can have trust in?

Certainly the first pass was a bad one. The residential school experience is still felt in all of our communities quite severely. So now the kids who have gone to residential school have had children and those kids are now becoming adults with parents who are making decisions on how to build an education system. I think that's the group you're starting to see who are saying, "All right. We know we signed this treaty and we know what it was supposed to do. It didn't do what it was supposed to do, so how can we make it happen?"

I give the ministry credit and I give the school boards credit, because I see it in my riding as well, that there is a recognition that we need to do things differently. We need to do them better, and just because we decided this might be a good way to act now, this might change in the future to something else that is more appropriate.

Mr. George Zegarac: If I can just add, as you mentioned the treaties: I just want to point out that one of the things I'm proud of is the work that we've done with school boards in sharing our treaty maps and educating our students around the treaties themselves, and therefore understanding how we actually got into this relationship at the beginning. I think that's making a difference, and not just with them but with parents. We get letters now—and the whole residential school issue and then the reconciliation commission recommendations have brought an awareness in the public that I think we need to act on.

The Chair (Mr. Ernie Hardeman): Thank you. That concludes the time. So we'll now go to the government: Mr. Rinaldi. This round, we'll have 16 minutes per caucus.

Mr. Lou Rinaldi: Thank you for being here today. I must say, although there have been some challenges getting from there to here today and based on the auditor's recommendations, which I believe you fully support, and knowing the challenge that you face, congratulations. I just want to say that because it's not an easy task.

I have a First Nation community in my riding, so I'm going to be a little bit selfish on that piece. I have a fantastic relationship. I have eight municipalities, one county and one First Nation community, and I treat them all the same. As a matter of fact, just a week or so ago, I had meeting with all the mayors of our municipalities and I included Chief Jim Bob Marsden from Alderville. That's the first time that has happened in our community. I visit their councils, but there is a difference. We recognize there's a difference, and we need to deal with those differences.

I must say that here's a First Nation community 10 or 15 minutes north of Cobourg, just north of the 401, but I also had the pleasure of visiting some of the communities that my friend Bisson represents. I should say—I'm probably embarrassed to say—that maybe I didn't visit enough of them. The difference between what's along the 401 in my riding and what's in Mr. Bisson's riding—

Mr. Gilles Bisson: We'd like a road; that would be a good thing.

Mr. Lou Rinaldi: Yes. We have a road. So it creates those challenges. But enough of the commentary.

I've also been privileged to be invited to the Alderville First Nation graduation that they do with their own students every year. I think I missed one or two because of conflicts. They don't have a school in their community, so they all use our public system. This is just an observation, and I don't have numbers, but every year, the kids who are at this graduation—they also get recognized for special things like sports, music, the arts, whatever—the number of kids and parents grows every year. Well, this year it was three and a half hours. I think the first time I was there it was maybe an hour at the very most.

1400

So I guess the question, maybe, is to Rusty. Maybe you don't have these numbers, Rusty. When I look at the increase of self-identified kids within the three First Nation communities that your school board represents—from 400 to 780, in, I'm going to say, a very short time—do we have any way of following up, once these kids leave your school board, or maybe the Catholic school board in our case, on how many of these kids go to post-secondary? Do we have any sense, even a ballpark?

Mr. Rusty Hick: That's an excellent question. I'm also very proud of the achievements of our Alderville First Nation students. There have been several years, I think you're aware, where we've had a 100% graduation rate for that cohort of students. So we've been proud of that, and, of course, they've been very proud of that, as well.

Unfortunately, I don't have that data for you. It's one that does come up. We need to do a better job not just for our First Nation, Métis or Inuit students but for all of our students regarding what career paths they choose. Thank you for that.

Mr. George Zegarac: If I could just add: You may or may not be aware that we've just approved legislation that has just now given us the powers to use our Ontario education number throughout the system, so that we'll now be able to track. We've never had that authority before. We will now be able to start to track not just graduation rates but what happened afterwards. We've just started to utilize that.

Mr. Lou Rinaldi: What took us so long?

Interjections.

Mr. Lou Rinaldi: Thank you so much for that. I don't need the numbers; I don't need to have your staff spend a lot of time. I guess that it's really, really important to know that the efforts which we entrust you with, as educators and stewards of our education system, I think

for the general public or, even, yourselves—it's a good statistic to have. That's just my opinion.

More to the Auditor General's report: I'm going to refer to recommendation 2 a little bit. Can you give some sense—maybe this is to the ministry or individual boards—of the self-identification piece? When did we really start doing that? I know that, at least, the three here use the same process, basically. When did we start doing that? The other point, in the same question, is that we'll probably never finish. There will never be an end. Can you just highlight that a little bit, maybe?

Mr. George Zegarac: I'll start and then I'll turn it over to the boards. I think that I mentioned in my earlier comments that it was about 2007 that the initiative started. Around 2008, we started collecting data. This will be continuous. One of the things that we're trying to do is have better data, especially as we get into the equity part of our four goals, to actually understand how these populations that are not succeeding at the same rate as the general population are doing.

It is now capacity-building in terms of the data part, that we're focused on so that we can start to focus on linking datasets so we can say, "We know where they are. What difference has it made?" That's really the Auditor General's comment, which is, "You're now investing money. Do you know where the money is going and what the impact of that investment is?"

We're along in that journey. It will take some time. But we're monitoring what impacts we have along the way for the population that has self-identified. As that number gets larger, I think we'll be able to tell you more.

In terms of how it has been implemented, I'm actually going to turn it over to my colleagues from the school boards to maybe elaborate on that.

Ms. Sherri-Lynne Pharand: We also began our process of voluntary self-identification in 2007. It followed about two years' worth of outreach to the community so that there was knowledge and understanding of why we're doing that and how important it was and how we would use the data. We've collected it since then. We do regular report-backs to the community—anyone who asks. The achievement data that we share with our trustees, we'll also share with the community.

We have recently changed our policy because, in our tuition agreement discussions with our First Nation partners—we have multiple partners—they would like us to be able to desegregate the data and give the data back to them separately about how each community's students are doing within our schools. We've recently updated our policy to enable us to do that.

Mr. Lou Rinaldi: Thank you.

The Chair (Mr. Ernie Hardeman): Mr. Potts?

Mr. Arthur Potts: In the auditor's report, she talked about the number of schools that are on-reserve and the number of schools that are off-reserve. We understand, with the funding agreements, the transitional opportunities for on-reserve students, when they move—and I think, Rusty, you talked about having one school that goes to three, and then thereafter.

Can I get a sense from the boards of the level of quality that's coming off-reserve? I know Mr. Bisson has spoken about the funding per student being probably half, on a federally funded reserve for educational purposes, than it is in the provincial system. Is that an issue? I know we've talked a bit about sharing information—trying to get curriculum information—back into on-reserve schools, but what is the experience from your boards as kids are transitioning from on-reserve to off-reserve funding of school opportunities?

Ms. Sherri-Lynne Pharand: As students are transitioning, we have developed a process together with our First Nation communities that's a transition protocol so that we can identify student strengths and needs, because we do find that at times there has been either a different curriculum, because the federal curriculum is not the same as the Ontario curriculum in all cases, or there may be gaps in learning.

I know that our partner at NAN had done a study that indicated that many of the students who were coming to high school in Thunder Bay were achieving, in grade 8, at a grade 4 level on the standardized test that they used. They shared that data publicly, so I'm not sharing someone else's data.

We have put in place plans to work with the First Nation communities to share resources and also to provide supports in our schools when students transition who need that. Not all students do, but we have an assessment that they do to identify needs and learning strengths when they come to schools.

Mr. Arthur Potts: I'm guessing that must be incredibly deflating to a student to come in—maybe even being successful on the on-reserve school—but then to come, and feel it's very different. I know that my daughter felt that when she went to university. Her first year of university was very different than her last year in high school.

Mr. Gilles Bisson: I felt like that the day I came here.

Mr. Arthur Potts: There's a bit of that as well. It is deflating.

I'm delighted. Do the other boards have those transitional policies in place? I wonder if you could talk further about that.

Ms. Lucia Reese: Very much so. I think, as has been said, it's about achievement and well-being. To your point, I can't imagine having to leave my home to go to high school somewhere else, never mind somewhere where I haven't had very similar experiences.

Quite often, the bulk of the transition period is about the well-being of the students who are coming, and wrapping around them any services they need, any assessments they need, and making connections; because, to the MPP over here who said that until they feel they belong, until they feel they're welcome and they're accepted, the academic piece is going to be tough. It really is about wrapping around them every service and everything they need to make them feel a part and welcome. Then we can focus on the academics. You really do need both pieces: the achievement and the well-being.

Mr. Arthur Potts: Excellent. The tuition agreements: Can you maybe talk a little bit about how the tuition agreement program is working, and any successes that you're having with that?

Mr. George Zegarac: Why don't we start with Janine from the ministry's perspective, but I'll turn to the ones who actually have to implement these and negotiate to get into more detail?

Ms. Janine Griffore: In terms of education service agreements, the Ministry of Education worked with First Nation partners to be able to develop a template of some kind. It's not a standardized template because, as you can appreciate, tuition agreements will focus on different components depending on where you are at in the province. We had an example this morning from a First Nation who said, "Within our tuition agreements, we worked in meal plans for our students." That would be something that would be very particular to that First Nation.

Working with our First Nations, we were able to develop a guide, and that guide provides the basis for the boards to engage in those conversations with the First Nations in their communities.

Maybe what I'll do is turn it over to the board.

Mr. George Zegarac: The only think I would add to Janine's comment: Those guides were actually developed not just with First Nation communities but with school boards themselves.

I'll pass that on now.

Mr. Rusty Hick: I can speak directly to this. About 10 years ago I was a superintendent in the Peterborough area, which included Curve Lake First Nation in the area that I was responsible for. It had built a very strong relationship with the education manager of Curve Lake, Shelley Fife, at the time. Part of that process over time has been to do better at education service—or tuition agreements, as they're commonly referred to—to the point where we have common frameworks and templates. The ministry has been very good about supporting us in sharing those best practices and in having the template.

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We have a standing committee that works with our First Nations—each of the three First Nations. We sit and meet together about the service agreements, but then individually also. This is about respect and needs and contextualizing an agreement where one First Nation may want something and another might want to negotiate something else. There's allowance for that as well.

There's a common template, but there's also a flexibility and a respect to address unique circumstances—as I mentioned earlier—to the point where we are about to have signing ceremonies, whereas years ago that would have been unheard of.

Mr. Arthur Potts: Okay.

Ms. Lucia Reece: I would echo that. That was certainly an area we discussed when we were here previously, as well.

The template has been extremely helpful and extremely well received. September 23 of this year, we

actually met with all of our First Nation education directors and managers. Each of them have now taken back a draft education tuition agreement to their chief and council, which is certainly not a place we would have been, so we're pretty excited about that.

Mr. Arthur Potts: Great.

The Chair (Mr. Ernie Hardeman): We have about a minute and a half. Mr. Fraser.

Mr. John Fraser: How much time do I have?

The Chair (Mr. Ernie Hardeman): A minute and a half.

Mr. John Fraser: A minute and a half. Okay, I'll really have to condense this.

Mr. Gilles Bisson: You can do a one-minute waltz in 30 seconds.

Mr. John Fraser: I'm not so good at numeracy.

What I would like to ask is about the intersection of jurisdictions—so on reserve, the federal government's responsibility—and how that impacts off-reserve education. How much transferability do we have in terms of students moving from a federally designated service to one that is a provincial, tuition-based one? How often does that happen?

Mr. George Zegarac: It happens quite often in terms of—in fact, most aboriginal students in Ontario are in our provincial system. They eventually move from the federal to the provincial system, which is why we want to look at how we can better support the capacity-building before they get to our system. Because if they fall behind, we know for all of our students that if you fall behind early, it's much more difficult, so that's where our focus is right now.

Mr. John Fraser: One-second answer: Does the federal government do anything like EQAO at the elementary level? Is there any measurement? Are there any metrics for those federally—

Mr. George Zegarac: I'll let my colleagues speak to this.

Ms. Sherri-Lynne Pharand: We do have students who move multiple times within a single school year, at times, between the federal and the provincial systems, if they come to Thunder Bay and go back to their home community in between.

In terms of EQAO, some schools in the First Nation community are accredited by the province of Ontario. If they are, then they do have the choice to do EQAO. So some of our First Nation partner schools do have that data and some don't.

Mr. John Fraser: Okay.

The Chair (Mr. Ernie Hardeman): That concludes your time. Now we'll go to the official opposition: Mr. Miller.

Mr. Norm Miller: I guess I'll start with 1(a) again, the implementation of specific implementation plans. I guess my question is, why did it take so long? It was just in 2014, based on the information I have from the auditor, that implementation plans were put in place. And also, why did you think in 2013 that you had met that

recommendation and then the auditor went in and found that you hadn't actually met that?

Ms. Janine Griffore: Prior to 2014-15, the province was in a mode of what we call pilot projects. As we had done with our regular population, school boards were developing pilot projects that were tailored to what they saw with their partners—the First Nation, Métis and Inuit populations—of putting programs and initiatives in place to address those needs.

Over the course of the years, the ministry harvested the best practices to see which of those targeted initiatives, which of those pilots, actually generated the greatest success. There were promising practice-sharing sessions, be they regional symposia or aboriginal lead meetings, and so they were sharing among themselves which of those initiatives, which of those programs, actually made a difference for our First Nation, Métis and Inuit students. Then, as we were progressing through 2014-15, the Ministry of Education embarked on a process with its First Nation, Métis and Inuit partners and the minister's advisory council working group, and developed a very concrete action plan: 16 different activities or initiatives that we saw as being crucial in raising student achievement levels and closing gaps. From that implementation plan, it stood that board action plans would have to bring that at a very local level. That was basically the process that the provincial government embarked on.

Mr. Norm Miller: Okay, thank you. Back to the funding issue: There has been talk about the amount of funding—I think it's \$250 million, roughly, to date. Has the funding been adequate for what you're trying to achieve? Is that a challenge for you?

Mr. George Zegarac: Well, the funding is what we were allocated. I think what our effort is focused on is making sure that whatever funding we have is spent effectively. That's where the effort, collectively, has been. It's to say, "What do we know about the expenditures that we're making? What impact are they having?" Quite frankly, the decisions on funding occur outside of our realm, and our responsibility is to make sure that we utilize that funding to maximize the benefits for the students of Ontario.

I would just say that. I don't know if my board members want to add to that.

Mr. Norm Miller: Following up, then, on the tuition agreements question from the government, can you help educate me a little on how they work, where the money flows? I assume money must flow from the federal government to the band, or to the First Nation or aboriginal community, that then flows the money to the province?

Mr. Rusty Hick: Yes, that's how it works. There's a formula. It's a prescribed formula so we can't pick out of the air or decide on our own level of tuition, for example. It's a set formula that dictates the tuition that they pay per pupil. You enter into that agreement and there's an agreement about what that looks like and services and sharing of information and that sort of thing. That is

signed, in our case, every three years. We work toward three-year agreements.

Mr. Norm Miller: Is it the same across the province or is it different in different communities?

Mr. Rusty Hick: My understanding is that the tuition formula is the same.

Mr. Norm Miller: And does it fully compensate the province—the monies originating in the federal government—for services?

Mr. Rusty Hick: My understanding is that it does. The challenge that we hear from the First Nations is that, on their funding side, they don't receive the same amount of per pupil funding as we need to charge them. We spend more in Ontario on education than the government does.

Mr. Norm Miller: Yes, it's my understanding that the funding level on-reserve is well below the provincial funding level.

Mr. Rusty Hick: That's correct.

Mr. Norm Miller: That was part of the reason for my question: when they make an agreement with the province, whether they, then, do step up and fully fund it or not.

Mr. Rusty Hick: Our experience is that they have funded it, and my understanding is that they have had to draw on other resources to do so.

Mr. Norm Miller: Okay. I'll go back to the auditor's recommendations and go to 3, which was to establish a baseline for the performance measures identified in the framework and set realistic targets. Again, in 2013, it was reported as being met, but then in the follow-up by the auditor, it was found to be in progress. Can you talk to me more about that recommendation and what the current status is?

Mr. George Zegarac: I'll turn it over to Janine Griffore. But I'll just point out that in my introductory remarks, I pointed to our second progress report. That report became our baseline. Janine will speak to the specifics.

Ms. Janine Griffore: As the deputy indicated, in the second progress report the baseline is determined as the 2011-12 EQAO results for First Nation, Métis and Inuit students, as compared to the all-student group. When we talk about all students, there would be within that all-student group also First Nation, Métis and Inuit students, because some have chosen not to self-identify. Within that progress report, we are reporting on grade 3 reading, writing and mathematics scores; grade 6 reading, writing and mathematics; grade 9 applied and academic mathematics, and the grade 10 Ontario secondary school literacy test results.

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Going forward, we will be monitoring and tracking our achievement results and closing the achievement gaps from that 2011-12 baseline that was determined. We publicly will be reporting, within the third progress report, the achievements accomplished. But boards are monitoring and tracking on a yearly basis because EQAO administration of tests is done on a yearly basis.

Mr. Norm Miller: And when will the third progress report be coming out?

Ms. Janine Griffore: I believe it's 2017 when it will be released.

Mr. Norm Miller: Thank you. Also, recommendation 5(c), "separately measure the effectiveness of initiatives ... to address the unique challenges faced by on-reserve students...." In 2013, it was not met, and now the status is "in progress."

Mr. George Zegarac: I'll start and then I'll turn to my colleagues on this one.

This one is a shared responsibility. We can control our part of this conversation, but as I pointed out, there's a federal partner in much of this. We are doing our best to pursue as many tripartite agreements as we move forward.

I would also say, though, that we are engaged in discussions around those measures. We just talked about transitions, which was a big part of the conversation we had with our First Nation communities this morning. One of the things—we're going to actually put a working group together—is around transitions. So that will become a big part of the discussion as we look into recommendation 5 because we know that any time a transition occurs for our students, whether it's aboriginal or not, they are in a risk environment. What we need to do is understand what the best practices around those transitions are. We're also looking at other solutions to try to keep aboriginal students in their communities as long as they can.

That goes back to other discussions we've had around e-learning and other more innovative technological solutions. We will continue to try to address that challenge through discussions with our communities, both the aboriginal communities but also other levels of government as they pertain to that issue.

I think we would say we're in progress. We haven't accomplished it because we're not the sole individual in control of that conversation. I don't know if our colleagues would want to add anything.

Mr. Rusty Hick: Just briefly: We have become more concrete in what we measure and put down on paper and then, of course, follow up. The other vehicle we use: We have an advisory committee on aboriginal issues where our First Nation partners work with us on a monthly basis and talk very openly about what the issues are and how successful or not our initiatives are. It's an advisory committee, but it's an accountability measure for our board. Our staff are there as well. First Nation trustee representation is on the committee—she is on the committee, as are our Métis partners and our First Nation partners. So they're there; they're talking about it.

The numbers of students on-reserve in our instance are pretty small, particularly as you go for each First Nation. They're reluctant to share those results publicly because it could identify individual students. But the conversations are candid, they're happening at the table and they're happening on a regular basis.

Mr. Norm Miller: Including working with the aboriginal communities to try to improve education on the reserve.

Mr. Rusty Hick: Absolutely. They have absolutely the best interests of their students of course at heart and work hard to do that, absolutely. We share the same goals.

Mr. Norm Miller: I believe my colleague Ms. Munro has a question.

The Chair (Mr. Ernie Hardeman): Ms. Munro.

Mrs. Julia Munro: Thank you. I have listened this afternoon, and a great many of the questions that I had have been raised by other members. But I want to come back to the question about self-identification because it's obviously unique in this kind of situation. A 14-year-old or a 15-year-old coming to high school: What would encourage him to self-identify or not? What would be a motive for that?

Mr. George Zegarac: First of all, I think that the communities themselves are now engaged in, "We want to know how our students are doing." Being able to self-identify would help that. What they want to make sure is, "You're not going to identify me; you're going to identify me within a group." That's what we've had to try to convince people of: that it's not about your individual performance; it's how we are supporting that community. I think that's part of the conversation that's occurring.

The other thing that we're now trying to point to is the fact that we are willing to put more investment where these students are. As students are addressing and raising issues, such as, "I don't feel included. I don't have"—as Mr. Bisson identified, we have, in our French system, included visual supports and things that make them feel culturally accepted. We need to start working on that in our communities. Some of our communities have done a great job of designing schools to incorporate some of that. We're learning from that and we're sharing those best practices.

As we engage in conversation, both with the aboriginal communities and the students themselves, we're trying to explain why it's a good thing, both in terms of being about to report back and trying to help them but also providing some infrastructure that would address the issues that students themselves told us they'd like us to try to address.

Ms. Lucia Reece: I can add to that as well. I think the deputy's comment about the visuals is really important. We have nine cultural rooms. All of our high schools would have cultural rooms. We have drumming groups and we have jingle dancers, and they're not just filled with First Nation students, which is very exciting. Whenever the schools have assemblies, they would be very prominent. As a 14-year-old entering a school, maybe for the first time, to see that and see others in the school would certainly be very reassuring, I would think, and would maybe spark them to realize that they belong and, hopefully, recognize and join in, as identifying, in being able to access some of the other supports that would be available.

Mrs. Julia Munro: Thank you, because I think that it's really important that, as you are able to expand that identification, we understand the opportunities that it represents for young people.

My other question is, really, more of a crystal-ball question as opposed to something that you are doing right now. I wondered, as you were making your presentation today, whether you see, in the future, flexibility within the system that you're creating, through the framework, where it will be more closely tied with economic development or things like that—skill sets that will engage young people in careers, because that's why most of us go to school. So I wondered if you have that kind of long-range opportunity.

Mr. George Zegarac: I'll turn it over to Janine in a moment, but I'll start and then Janine and maybe our board members as well. We know that we needed to change, quite frankly, how we were assessing learning, both in terms of how we actually engaged students in learning—we created High Skills Majors, which have been extremely successful. That really gave opportunities, first of all, for students to specialize in specific categories of education, just as you did when you went to university and got a specific degree. We started with six and now we have 19 High Skills Majors, so you can actually graduate with not only an Ontario secondary school diploma but a High Skills Major in construction.

We've expanded those opportunities because we know that our kids demonstrate learning differently. Some kids learn really well sitting at their desks, as we did; some kids do not demonstrate their learning in that environment. If they can follow their passion in where they want to pursue their future, they will demonstrate great opportunities to demonstrate their learning. When we launched student success and the High Skills Major—

The Chair (Mr. Ernie Hardeman): We'll have to stop it there. Thank you very much. The time is up. We'll now go to the third party: Mr. Bisson.

1430

Mr. Gilles Bisson: Thank you very much. A couple of follow-up questions on the funding of the initiative that's in place: If a school board had the same number of students in year one that they have in year two, would they get the same amount of money? Does the formula change year per year?

Mr. George Zegarac: Well, I'm going to just mention that we just started the change in the formula for the EPO funding last year. So we're now assessing both the EPO and, as I mentioned, the GSN. We're now engaging boards about how we want to change that funding for future years. We've got one year of experience in terms of the EPO, and we'll now have more input as to how we want—

Mr. Gilles Bisson: You're saying the funding has only been in place for one year?

Mr. George Zegarac: For the change in terms of—when I'm talking about using the self-ID funding, sorry. We've changed the formula. As I mentioned before, it was based on student enrolment. We said, "Okay, we

can't do it just based on student enrolment. We want to actually reward people for self-identifying." So we added both a percentage of individuals who self-identify and the numeric number that they self-identify, so how many students—

Mr. Gilles Bisson: Let me try the question a different way to the school boards: If, year over year, you've had the same number of students, is there a possibility that the funding will actually go down? Is this really stable funding? This is what I'm trying to figure out.

Interjections.

Mr. Gilles Bisson: Go ahead. This is where you can be free; just let yourself go.

Mr. Rusty Hick: There are tweaks to the funding formula every year, as we know, but the overall level of funding has actually grown over time.

Mr. Gilles Bisson: So it's fairly stable? That's what I'm trying to get at.

Mr. Rusty Hick: I would say yes.

Mr. Gilles Bisson: So year per year, if you have the same number of students, you're not constantly—like at a hospital or whatever, where you're going, "Oh, my God, my funding's going down." It's not that kind of scenario.

Mr. Rusty Hick: No. We're not in that scenario.

Mr. Gilles Bisson: Okay. The other question I have: In the funding envelope that's provided to school boards, is there an emphasis put on trying to help aboriginal students to do some pre-apprenticeship training and get into trades, and if so, what are they?

Ms. Lucia Reece: I can certainly speak to that one. We have great partnerships with both Algoma University and Sault College. We also have dual credits going on, as well as some Pathways programs. Sault College offers some very specific programs for First Nation students. So we have a number of days—we start as early as grade 6, bringing our students over for career days and Pathways days, where they can go into Sault College and see what kinds of apprenticeships and programs are there. It has been very successful and our students look forward to it every year.

Mr. Gilles Bisson: What kind of success are we getting for grade 12 students leaving the high school stream and going off to college to do pre-apprenticeship training?

Ms. Lucia Reece: I don't have numbers on me, but I can certainly say that the partnership that we have with Sault College through the dual credits has been very successful. We have a number of students who would carry on at Sault College in some of those programs, and beyond. A number also go to Algoma University.

Mr. Gilles Bisson: Now that you're tracking what's happening with the students after they leave high school—which is a good idea, I must say—are we in any way tracking what's happening to kids as far as what their choices are coming out of grade 12? The reason I ask is really simple. Across your area north of Thunder Bay and in my area north of Timmins, the development is in the Far North. It's the Ring of Fire, if that would ever happen, or De Beers or Detour Gold or Musselwhite or

whoever it might be. We don't have a lot of kids that end up in apprenticeships, partially because you have to have a math requirement etc. and it may not be quite enough for them to get through.

So my question is: In our training that we're doing within our own provincial schools, is there an emphasis in order to bring those skills up in order to help them pre-qualify, or to qualify eventually, for pre-apprenticeship training?

Ms. Lucia Reece: Another program that we would have would be the Ontario Youth Apprenticeship Program, which is also a very strong program. We have a number of success stories where students begin with a particular company in a small capacity and who have actually gained employment through that at the end. So that's another program, the Ontario Youth Apprenticeship Program, that is very, very strong.

I think you want to add to that one.

Ms. Sherri-Lynne Pharand: In addition, we've developed a Specialist High Skills Major in mining because the Ring of Fire is also in our area, and so we know—

Mr. Gilles Bisson: It's actually in my riding, excuse me.

Ms. Sherri-Lynne Pharand: Okay. Well, we have students who come from—

Mr. Gilles Bisson: My friend from Kenora—Rainy River—we have this fight all the time.

Ms. Sherri-Lynne Pharand: It's a big area.

So we feel that that would benefit students. In addition, we outreach to First Nation businesses in order to have co-op placements for students in First Nation business. We have student success programs that provide intervention and support for literacy and numeracy if students need a boost in order to be able to get into the college Pathways programs.

Mr. Gilles Bisson: There's really good success, at least in high schools in my area, when it comes to giving high school kids a chance to go to work somewhere in an employment of their choice. Is there the kind of buy-in that we need from the private sector when it comes to the mining and forest industries in order to give kids the opportunity to see what that's like so that, "Maybe I'll be the electrician, the mechanic, the machinist," or whatever?

Mr. George Zegarac: I going to speak to this one and I'll then turn it over to your local condition.

Co-op in itself has been a very successful program over the years. It is one of the conversations that we are actually having, both politically and engaging in the communities. We need to have more—not just private sector. There are broader, not-for-profit and public sectors that we need to actually step up. I've spoken with The Learning Partnership, which is an organization that has education as their predominant agenda. They're represented by a lot of large companies. I would point out that many of them, despite the fact they talk about, "I'm not getting trained individuals," aren't stepping up. To their credit, a number of them, as soon as I finished speaking to this and I ask them to go back and see how

many students they had, went back and stepped up in bringing in co-op students.

Part of the dialogue needs to continue. I know the minister and I are actually meeting with a group very shortly around this discussion. We do need to get the entire community engaged in the opportunities for students to succeed.

Mr. Gilles Bisson: Yes, and it's a larger problem in our community overall. It's not just for aboriginals—

Mr. George Zegarac: No. I'm speaking to the overall population, but it's even more challenging, quite frankly, in some geographic zones, yes.

Mr. Gilles Bisson: Yes, it's more challenging. That's the point I was getting at. I come out of a generation where, if you didn't go to university, you were a failure. I decided to become an electrician and made more money than most of my university friends because it was a union rate. It was a great job.

But the problem is that if you look at high school, when I was in high school back in the olden days, we actually had trades programs—electrical, mechanical. There was a lot more emphasis on that than there is today. As I look at the possibility of employment for everyone, including First Nations, in the Far North, that is one of the places where we really have to put an emphasis.

I guess my question was, is part of the funding that we have under this particular envelope earmarked to try to encourage that in some way? Is there a mechanism?

Mr. George Zegarac: Well, I think there are two things that I'd speak to. We've got a number of programs where we're trying to actually create the opportunities. The government just announced Experience Ontario, which is really targeted to students who are struggling to figure out what they want to do next. We were trying to give them three rotations so they would get that. We are providing, I think, \$2,000 per rotation for employers to actually take our students on.

I think we are trying to find opportunities. I do think we've had great success in some of our apprenticeship programs. I know the Minister of Training, Colleges and Universities would say that's not true across all our programs, and we're actually looking to redesign those programs to get a more long-term impact. They may get an apprenticeship opportunity; are they landing that job at the end? I think that's an area we need to focus on. I don't know if anybody else wants to speak to it.

Ms. Lucia Reece: I would just add that certainly our feedback from students and parents, both from the Ontario Youth Apprenticeship Program and the Specialist High Skills Major, has been very, very positive. Many of our students have told us it's the reason they get up and go to school every day.

We've had some very great success stories with our construction house building as well. We have a house-building project. It's one of the most popular programs. One of our local builders has hired a number of our students following graduation. It's very motivating for kids when they can see that lifelong piece at the end of

their experience. But for many of them they have told us that is the reason they get up every morning.

Mr. George Zegarac: If I could just add to that very briefly? The results—we've won awards, actually, for the High Skills Major, from IPAC. The kids are telling us because they're voting with their feet. Part of the challenge is not our students. They have a personal desire in some of these fields. What many of us know, because many of us may do this even in our own homes, is that sometimes it's parents who will restrict the capacity of students to follow their passion, whether it's in trades and others.

That's one of the challenges we have because—to your point with regard to your experience on the electrical side, the person who came to do my renovations in our house is driving a much nicer car than I am. So we need to look at that.

The kids who engage in this—we're addressing gender biases. In construction, we have a number of women involved in welding and electrical.

1440

We started this as a pilot project, and I went to see how this was going before I tried to blow this out to the whole system. I tell this funny story all the time when I speak on this. I went out with the builder, in southern Ontario, and I got a chance to see the students. They were so engaged. There were women and men working together, demonstrating their clear learning capacity. They were demonstrating in a real way what they had learned. They were passionate about what they were learning. I had to ask the question, "Does anybody buy these houses once they know our kids worked on them?" He said, "George, they're the first to go. Do you know how many nails a grade 12 puts into a two-by-four? That house is never coming down."

So they are actually voting with their feet, because we've now blown this up in terms of numbers and the number of sectors. Kids want to do this.

Mr. Gilles Bisson: On a different question altogether: On some reserves, or next to some reserves, there are provincially funded schools like Bishop Belleau in Moosonee or Ministik on Moose Factory Island. Are there any particular challenges that they face when it comes to dealing with some of the funding issues related to the monies available for aboriginal students? In that case, they're about 99%. Is there anything to be learned there?

Ms. Janine Griffore: I'm not aware. They have not shared those particular challenges with us at this particular time.

Mr. Gilles Bisson: I'm just wondering if they've figured out how to do things better than most because they're in a majority setting. It's not like the kid who comes to TH&VS; they're in a minority setting. If you're at Bishop Belleau or Ministik, you're in a majority setting, with other Cree kids. Have we learned anything from that, as far as how to utilize that money in a way that gets the biggest bang for the buck?

Ms. Janine Griffore: We would have to go back and do the study.

Mr. George Zegarac: I would say that we share discussions. Whether that specific discussion has occurred at a table with some of our staff, I can't answer. But I can tell you that conversations with those communities occur all the time in terms of sharing, both at the regional level and at the provincial level. So—

Mr. Gilles Bisson: Just one second. Let the committee record show that Stew Kiff came by to visit us. We say hello and welcome. Stew is a good friend of ours. Have a good one, Stew. I just wanted to embarrass him.

Mr. George Zegarac: So, specific to that, I can't answer that. But I would say that those conversations do occur, and we're trying to learn from each of the jurisdictions.

Mr. Gilles Bisson: But is there any sense from you guys at the school board level that they're doing things differently there? Is there any kind of dialogue back and forth?

Mr. Rusty Hick: I'm not familiar with that specific situation, so I can't say.

Mr. Gilles Bisson: I would just suggest that it would be worth looking into. Is there something there we could learn from? Obviously, in those settings, it's a very different reality than urban settings like Thunder Bay, Sault Ste. Marie or Timmins.

I think I ran out of time; right?

The Chair (Mr. Ernie Hardeman): Just about; you have a minute and 10 seconds left.

Mr. Gilles Bisson: Well, I want to get back on the aboriginal school board act—

The Chair (Mr. Ernie Hardeman): Oh, no, you don't.

Laughter.

Mr. Gilles Bisson: I'll be looking forward to your support when we bring that bill forward; as a discussion—

The Chair (Mr. Ernie Hardeman): If he has concluded—

Interjection.

The Chair (Mr. Ernie Hardeman): Yes, do you have a comment that you would like to make?

Mr. Rusty Hick: I would just like to make one comment with respect to students pursuing the trades, whether they're aboriginal or not. A lot of times, students need a role model, someone to look up to, an example. As our communities grow—say, our First Nations community—whether they're through economic development or what have you, the more there are examples within their community of people being whatever it might be—an engineer, an electrician, whatever—that they will be able to say, "Hey, I can do that too." So it's a bit aspirational as well.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation.

I was going to say, if one of those students is looking for a role model, if they're looking at becoming an electrician, we know where to find one.

This does conclude the time for your presentation, and we thank you very much for taking the time to come and help us out with the review of the auditor's report on this section. You did a great job.

The committee will recess for just a moment while we clear the room, and then we'll go into closed session to talk about where we go from here.

The committee continued in closed session at 1449.

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2015 Annual Report,
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PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 2 March 2016

Mercredi 2 mars 2016

*The committee met at 1231 in room 151.*2015 ANNUAL REPORT,
AUDITOR GENERAL
MINISTRY OF GOVERNMENT
AND CONSUMER SERVICES

Consideration of section 4.09, ServiceOntario.

The Vice-Chair (Ms. Lisa MacLeod): Good afternoon, everyone. Thank you for joining us here at the Standing Committee on Public Accounts. We are here to consider ServiceOntario, section 4.09 of the 2015 annual report of the Office of the Auditor General of Ontario.

You, our guests, have 20 minutes collectively to make a presentation to the committee. After that, each of the caucuses, starting with the official opposition, will take two rounds for questions. Again, the rotation will start with the official opposition.

You are free to start.

Ms. Angela Coke: Thank you, Madam Chair, members of the committee, Auditor General and legislative staff. My name is Angela Coke. I am the deputy minister of the Ministry of Government and Consumer Services. I'm pleased to be here to talk about the—

Interruption.

The Vice-Chair (Ms. Lisa MacLeod): We'll just take a brief recess to find out what this is, and we can start again.

The committee recessed from 1232 to 1233.

The Vice-Chair (Ms. Lisa MacLeod): Okay. Why don't we start from the beginning? Go ahead.

Ms. Angela Coke: Okay. Thank you. I'm pleased—

The Vice-Chair (Ms. Lisa MacLeod): Excuse me. I'm so sorry. Now the microphones are not working.

Interjections.

The Vice-Chair (Ms. Lisa MacLeod): We will recess.

The committee recessed from 1233 to 1235.

The Vice-Chair (Ms. Lisa MacLeod): We're good to go. I'm going to restart your time here, if that's okay.

All right. Welcome to the committee, for the third time. Our microphones are now working. I would like to ask Angela Coke, the deputy minister from the Ministry of Government and Consumer Services, to restart her presentation, and thank her for her patience.

Ms. Angela Coke: Okay, thank you. I'm pleased to be here to talk about the Auditor General's December 2015

follow-up report on the recommendations made in her 2013 annual report.

Joining me today are a number of ServiceOntario and ministry senior executives who I'd like to introduce. David Denault is here, the CEO and associate deputy minister of ServiceOntario; Bev Hawton, the assistant deputy minister of business improvement; Helga Iliadis, the assistant deputy minister of customer care; Robert Mathew, the assistant deputy minister, central services; David Ward, the assistant deputy minister, business development; Clare McMillan, the chief administrative officer; and Catherine Ballantyne, our deputy director of legal.

I understand that I have 20 minutes to make some remarks, and then we'll be happy to take your questions.

Before I get started, though, I did want to say how very much we appreciate the input and recommendations from the Auditor General and her staff. They've been very helpful in terms of helping us on our continuous improvement journey.

ServiceOntario, as you know, provides our front-facing, integrated services for individuals and businesses, with a focus on customer experience excellence. ServiceOntario delivers over 80 services. Some are services that we own end-to-end, like vital events, land and personal property and business services, and other services we deliver on behalf of partner ministries, related to driver and vehicle, health cards, Outdoors cards, information and intake services.

We manage approximately 49 million service transactions annually, using a mixed-delivery model, public and private, and multi-channels—in-person, contact centres, online services—to ensure that a diverse range of individuals and businesses can access our services.

Our early mandate was to be the public-facing service delivery organization for high-volume, routine government services. That mandate has evolved, as we play a greater role and add more value to transform government service delivery, building on our strengths as a service integrator.

As we move forward, our direction and focus is on increasing digital services by addressing digital enablers, such as digital identity and policy changes, by improving the quality and introducing new online services; improving the customer experience by focusing on integrated service delivery and customer-centred design; building new and stronger partnerships within the OPS, across all

levels of government and with public and private partnerships; and enhancing the organizational excellence within ServiceOntario.

We have a history of success—for example, integrating service bundles, online options, money-back guarantees—and the organization has built a strong culture of continuous improvement. We research, we plan, we implement, we evaluate, but most importantly, we learn and we improve.

We're not perfect. We have many operational issues that we tackle on a daily basis, and we have longer-term strategic priorities to drive forward. But we are very committed to providing excellent services and to maximizing our resources, so that we achieve the best outcomes for our customers and the government.

I'd like to take this opportunity to commend our executive team and all the staff at ServiceOntario across the province for their dedication and hard work.

As I mentioned, we welcome review and input from independent third parties, such as the Auditor General, to validate our work and to show us areas where we could focus our improvement efforts.

On a regular basis, ServiceOntario consults with industry leaders in other jurisdictions to ensure that we're taking advantage of the best practices and standards in our numerous lines of business. As a recognized leader in public sector service delivery, we are also asked to share our experiences by those same organizations and by governments from around the world.

We're very gratified that the Auditor General's comments in her December press conference noted our exemplary performance in implementing her recommendations. I'd just like to speak briefly to the progress and the results that we've achieved.

Regarding service delivery costs, two of the three recommendations have been fully implemented. ServiceOntario conducted research using Ipsos Reid, a leading Canadian market research firm, to better understand the reasons why people choose in-person services over online options. The findings have resulted in a refresh of our action plan to encourage higher usage of the online channel. ServiceOntario also continues to explore transactions that can be moved online and recently added online driver's licence renewal, small claims e-filing and online security guard licensing to our suite of offerings.

1240

Regarding the recommendation to examine our pricing strategy to shift people toward online services, this is an area that ServiceOntario has considered in the past, but is not pursuing at this time. We feel it's important to ensure that services are broadly accessible and that certain segments of our population are not disadvantaged. For example, not all areas of Ontario are equally served with high-speed Internet access. In addition, while online services are well suited for routine transactions, some of our customers have more complex cases that require human judgment or case management and it's not feasible to be handled through an online channel. For those customers, in-person services are necessary, and we

believe that a higher fee would be unfair for required personal services such as vital statistics documents.

Nonetheless, we do recognize that many people who are in line at our counters could complete some of their transactions online, so we're using a number of different methods to promote greater use of online transactions. For example, we're improving our promotional activity to raise awareness of online options and applying lessons learned from successful efforts to nudge people toward the Web, such as online licence plate renewals. Over the past year, usage of the online channel has increased by 7.7%.

We're also redesigning our online forms to make them easier and faster to use, and we're bundling services so that people can complete multiple transactions at one time. We're also working with our partners to develop common design standards for digital services that put the customers first, and exploring how to create a single way for people to identify themselves online.

In terms of reducing costs at our publicly run in-person service centres, ServiceOntario has implemented a number of actions to do just that. In fact, we've decreased operating expenses at the same time that we've had to manage increased volumes of customer interactions. This was accomplished by initiatives such as increasing flexible staff mix, adjusting operating hours, rationalizing public offices and expanding the capacity of privately operated retail offices.

Moving on to the next area regarding service levels, the Auditor General made four recommendations. Three out of those four have been completed, with substantial progress on the final one. At ServiceOntario, we understand that we are the face of the Ontario government and we take that role very seriously. We spend a lot of time and effort tracking the number of people who visit our centres, how long they wait and what they think of their experience. In particular, we're using new methodology to better estimate the number of customers who wait longer than 20 minutes, and we're in the process of replacing the existing queuing system in 20 large retail offices with new technology.

We know timeliness is a key driver of customer satisfaction and we're committed to continuous improvement of wait times. In the third quarter of 2015-16, 96% of our customers said that they were either "satisfied" or "very satisfied" with the service they had received.

The Auditor General's report spoke of the need to examine service levels at our contact centres. In 2013, ServiceOntario contact centres did experience a temporary dip in performance while we were transitioning to a new contact centre technology platform. Through ongoing efforts, the ServiceOntario contact centre optimization committee successfully optimized the new technology. Service levels and performance levels have stabilized and have been sustained, and the most recent third-quarter customer satisfaction survey results are that 90% of people are "satisfied" or "very satisfied."

With respect to the recommendation about survey methods in our in-person service centres, based on

consultations with Ipsos Reid, we made a number of changes in 2014-15. For example, we no longer notify local managers immediately prior to the administration of in-person surveys, and independent interviewers conduct customer interviews as far away from the service agents as is practical.

While many retailers would use mystery shoppers to identify successes and flaws in service delivery, given the nature of our services and products, they don't lend themselves to mock transactions by anonymous people. I would also note that this is not the only way that we collect customer feedback. For example, customers are encouraged to provide feedback directly to our customer experience office. Customer satisfaction continues to remain high, with 96% being "satisfied" or "very satisfied" with our in-person services.

With respect to the issue of customers being turned away, we held staff focus groups and found out that about 80% of turn-aways were the result of customers visiting with incomplete documentation. The groups most affected were youth, new immigrants and people for whom English is a second language. We provided some multilingual handouts and reached out to community groups with brochures outlining what documents are required when applying for a health card and driver and vehicle licences.

The next recommendation in the report is related to fees customers are charged for services. In 2014, we completed an expenditure analysis of the four lines of business that we own and deliver end to end: vital events, business registration, personal property and real property. The results allowed us to determine the cost per transaction of these services and enabled us to compare the cost of various channels.

In the context of our overall ServiceOntario strategic plan and timelines for key transformation initiatives, we will need to complete a full analysis of our revenues and fees. This will involve a set of complex considerations about the overall cost incurred to deliver a service or product, and we will need to take into account a number of important business and system improvements that are planned or under consideration.

We'll also need to align with the government-wide strategy, as referenced in the budget, to review all service fees in a way that is fair, reasonable and balanced. I would also note that the vast majority of our fees have not been increased in 15 to 20 years.

With respect to issuing and managing licences and registrations, in total, there are seven recommendations. Of these, six are either fully completed or well on their way.

As recommended, last spring we studied and then successfully introduced a more secure and durable polymer material for birth certificates. This material helps reduce fraud and identity theft.

In relation to the recommendation to complete enough guarantor audits on birth certificates, we completed an analysis of the effectiveness of guarantor audits and determined that random audits of guarantors did not add

any value to the existing application screening process, as the guarantor audit process is not designed to verify the eligibility of applicants or the information provided. As a result, discontinuing the guarantor audits does not affect the security of our birth certificates.

By March 31, we will roll out a number of enhanced supports for staff at the in-person service centres for processing of higher-risk transactions, such as specific health card registrations.

In relation to our plans to remove red-and-white health cards from circulation, we are well on our way. In fact, as of January 2016, 90% of Ontarians have a more secure photo health card. Since 2013, we have reduced the number of red-and-white cards in circulation by 1.5 million, and we will continue with our plan to meet our 2018 target date.

The Auditor General recommended examining the benefits of a smart card that would combine multiple forms of ID. Our initial review of this found that the cost savings from simply integrating several cards into one would not justify the investment required. However, as part of our strategic plan, ServiceOntario is exploring a broader, longer-term approach. Our research indicated that card integration, smart card technology and the ability to promote greater electronic access to government services should be considered together as part of an integrated strategy.

In this regard, we are examining the feasibility of a single digital identity and possible card strategy. Privacy-friendly design, cost-effectiveness and the potential for use across government programs are key themes that are being explored before bringing forward any proposed solution for consideration.

As recommended, with our partners at the Ministry of Transportation, we have implemented changes to improve verification requirements for those registering farm vehicles.

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In January 2016, we introduced a new policy and have put in place improved permit design and processes for issuing accessible parking permits, to be more secure and to help ensure that they're only issued to those who meet the requirements. Stakeholders representing persons with disabilities believe these improvements are a good balance between verifying a person's need for accessible parking while ensuring ease of access to an important service.

With respect to the recommendation about our internal audit activities, we've taken steps to expand our audit program for all our service centres, both public and privately run. The program includes auditing health card registrations, conducting more frequent audits and establishing new risk frameworks that help us target our efforts more effectively.

In addition, we implemented a new quality assurance program in July that provides expanded analytics capacity to identify training needs, policy clarification and process improvement opportunities.

ServiceOntario has worked closely with partner ministries, including health and long-term care and transportation, to improve the security and the integrity of registration and licensing databases—for example, improving death notification controls. We have continued to share vital events data with various government partners as part of a shared commitment to data integrity and to mitigate the risk posed by erroneous and duplicate identity documents. ServiceOntario has also worked closely with partners to review the feasibility of expanding existing information-sharing agreements.

As we continue to explore further ways to integrate products and the delivery of services to improve the customer experience, ServiceOntario is very mindful of the need to balance that with privacy protection. The sharing of address change information between multiple programs requires broader policy and legal review, and consultation with the Information and Privacy Commissioner. ServiceOntario is reviewing this in the context of the potential for a single digital identity solution, as well as a policy and legislative framework that enables further integration and provides greater authority for data sharing.

The final recommendations are related to the monitoring and performance of Teranet, the company that operates Ontario's electronic land registration system. Teranet receives independent assurances from third-party auditors that are measured against well-recognized, international standards for IT management adherence in electronic land registration systems. In addition, as recommended, we obtained independent verification from Ernst and Young that Teranet's performance assessment was consistent with the standards of the Chartered Professional Accountants of Canada. Ernst and Young's reports also concluded that controls were suitably designed and were operating effectively.

The last recommendation is to periodically test our copy of Teranet's land registry program software. We did investigate this, but doing so would cost the government approximately \$3 million to start up and then an additional \$300,000 each subsequent year. As we already have very robust and extensive provisions in the contract with Teranet to ensure business continuity in the event of a disaster, we don't believe this expense would be justified.

The business continuity plan clearly details each party's rights and responsibilities. The licence agreement also requires that the disaster recovery plan be tested annually and updated every five years or as needed. That being said, we will still investigate if there's a more cost-effective way to verify the electronic land registry system without having to replicate it.

Before I close, Madam Chair, I'd like to say that we have taken the Auditor General's recommendations very seriously. Again, we thank her and her staff for their feedback. We have implemented the vast majority of the recommendations. We know, however, that we still need to sustain and further improve on these results. That is what we will do as we manage our large day-to-day operations and, at the same time, plan and implement a number of business and system improvement projects.

I thank you for your time and the opportunity to provide this update. My team and I are happy to take any questions.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much, Deputy Minister. You were right under the time line; we appreciate that.

I'd now like to invite my colleagues in the official opposition to have 20 minutes of questioning. I remind all members of the committee that our researcher, Mr. Elling, has a number of questions that he has put forward at the back of his report.

We'll be starting with Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming today to provide us with the insight into the details that the auditor has provided.

Obviously, one of the most important aspects of this process, as you began, was around the issues of cost. Certainly, that's where I'd like to start because I'm looking at it from the point of view not only of a taxpayer and the kind of prudence that one looks for, but also some fundamental problems that I think you face with the question that comes when you look at the in-person visit versus the online visit. It's clear, obviously, that the in-person one is going to be more expensive.

One of the things that I wondered if you'd comment on is—you divided it up into a 70-30 percentage, but of that percentage of people who require assistance, can you identify general categories that are more likely to need that kind of assistance, who aren't going to use an online visit? Are they more likely to be birth certificates? Are they more likely to be truck—things like that.

Ms. Angela Coke: I'll ask Bev Hawton and Helga to provide some more details on that.

Ms. Bev Hawton: Thank you. Good afternoon. My name is Bev Hawton. I'm the assistant deputy minister of business improvement, ServiceOntario.

Thank you for your question, honourable member. With respect to what drives a person to either go online or use the in-person services, ServiceOntario has done quite a bit of research on this. Let me just pull it out here.

From June until August 2013, we used Ipsos Reid, which is a leading Canadian market research vendor, to better understand customer behaviour with respect to our channels. Initially, we performed an online survey of about 600 Ontarians to explore barriers to online usage where Internet was not a factor.

The key findings were that consumers need to be convinced that online is more convenient than other channels, such as how much faster it is to access services online, as we do know that timeliness is one of the key drivers of satisfaction. Customers also need to be reassured that accessing services online is foolproof, so they feel confident that the task will be done correctly. As well, some people are just more comfortable. They like to or they need to deal with people face to face to get an answer to their question. Those are some of the key reasons why people may opt for an in-person service versus an online service.

With respect to the nature of the services or line of business, my colleague, Helga Iliadis, can comment on that.

Ms. Helga Iliadis: Sure. Good afternoon, all. I'm Helga Iliadis. I'm the assistant deputy minister responsible for customer care with ServiceOntario.

Certain interactions require a higher level of adjudication and/or authentication. For example, at this time, renewing a health card would require an in-person visit for sure in order to meet the very stringent eligibility requirements. That would be one example. Whereas, for example, if someone was going to apply for a fishing licence or a hunting licence, they'd be encouraged to do that online. There's really no material reason why they would need to deal with us in person.

Sometimes certain customers as well will require some special consideration, which we're happy to provide. That is why we exist. We really do understand that no matter how technology evolves, for us to really be the best service delivery organization we can be, we have to remain a multichannel organization. Wherever the customer wishes to do business with us, that's where we need to be. But as Bev mentioned, we want to make the online experience as attractive and appealing and convenient as possible.

Mrs. Julia Munro: And would you anticipate that that 70-30 balance will shift as time passes?

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Ms. Bev Hawton: Maybe I'll take that one. Yes, we do anticipate that it will shift. As a matter of fact, over the past year, we have seen a shift, in total, of one percentage point, so we've moved from 30% to 30.9%. While one percentage point may seem insignificant, what it represents is a 7.7% annual growth rate, year over year. There are an additional 700,000 transactions that have been done online in the last year, compared to the previous year.

We also have a number of initiatives that are under way that will help to increase online transactions. I can talk about some of those, if you like.

Ms. Helga Iliadis: Maybe I'll add a comment, if I may.

Ms. Bev Hawton: Yes.

Ms. Helga Iliadis: There is a very broad strategic plan that very much focuses on a digital-first strategy, and our colleague David Ward is the expert on that. We're working with Cabinet Office and other ministries, looking at policy issues, looking at customer-centric service design principles. We're researching with other jurisdictions as well, to ensure that we can optimize those digital services. We're actually applying some of our learnings thus far to some of our classic online services to see if we can prove out our learning, to see that we can increase uptake because of the quality of the design.

Mrs. Julia Munro: I think it's obviously very important that that happen, but I know, as an MPP, that there's always going to be a group that is going to want to actually physically be there. It will be an ongoing challenge to find the ways by which you can direct them and make them feel more comfortable with the online.

How much of an impediment is the actual physical geography of where they can access online service or not? There are places in Ontario where people don't have Internet and things like that. My question is, just simply, how many people, in a rough estimate, would be impacted by simply the technology not being available?

Ms. Angela Coke: I don't know if we have an exact number, but we do take into consideration the fact that some areas won't have the same level of quality of access.

Mrs. Julia Munro: But do you have a sense of how invasive that is, in terms of identifying places in the province where it wouldn't be available?

Ms. Angela Coke: I don't know if we have that exact information. We can certainly get back to you with that. But part of our commitment to stick with the multi-channel is because we know that there are some places. How much, what is the extent of it, I don't know exactly.

Mrs. Julia Munro: I just wondered how much of the 70% was actually based on those practical problems.

Ms. Bev Hawton: Maybe I could just answer.

Ms. Angela Coke: Okay.

Ms. Bev Hawton: I have a little bit of information. What we do know is that 86% of Ontario has the highest speed of Internet, and 99% of Ontario is available for broadband coverage at the standard speed of five megabytes per second.

In northern Ontario, the population makes up for 6%. I don't actually have the specific communities, but what we do know is that it's difficult to entice Internet service providers to build the infrastructure in northern Ontario. So even though broadband may be available, it is often at a higher cost.

As the deputy said, we do not want to disadvantage any particular group or individuals who live in a certain region. We're committed to ensuring a broad accessibility of all of our services.

Mrs. Julia Munro: Thank you.

The Vice-Chair (Ms. Lisa MacLeod): Any further questions? Mr. McDonnell.

Mr. Jim McDonnell: Yes. An issue that comes to mind for me is that we seem to have a lot of clients come into our office who have been to ServiceOntario and, for some reason, have not received the service they need—we've had discussions locally—to the point that they're giving out cards and saying, "Well, go to the MPP's office and fill it out." We're just wondering, where does that come into good service? I mean, people coming in. I understand that there used to be a PC that they could work on in ServiceOntario; that was removed. I've heard anecdotes from people who work there that if they are seen to give too much time to a customer they are talked to afterwards. They have to move them on and send them over to our office because they don't have time. I haven't really noticed large lineups, myself. I'm just wondering what the policy is on that.

Ms. Helga Iliadis: I will be happy to address that. Yes, we have had that conversation and we're open to more conversation to strike the right balance. Generally

speaking, we prefer, if at all possible, for customers to fill in their own forms for the sake of utmost accuracy and liability.

The other thing is, of course—as you know, and you commented on this—we need to be a little cognizant of how many other customers are waiting. I will say that this is not a production-type organization; it is a service organization. We would never want the speed at which we do something to compromise the quality. We would encourage our staff to utilize their judgment. If there is not a long waiting line and someone is requesting help, there's no harm in giving them a hand, just with the caveat that, "Can you please make sure that this is completely accurate? Because normally you should be filling this out."

We're also very grateful that we do have a network of constituency offices that we can partner with for customers who need that help, but we don't want to overuse that help. So if there are specific concerns with a given site, we're always open to having further conversations so that we can strike the best partnership.

Mr. Jim McDonell: Yes. I won't say it doesn't seem to be something that's more of a local issue because I don't think I heard of that elsewhere.

Ms. Helga Iliadis: Okay.

Mr. Jim McDonell: The other thing: I know that there was a recommendation on your evaluation of customer service. It really takes away the usefulness of a survey if everybody knows when it's being done. I think there was a recommendation and you kind of went partway there, but you're holding it in the lobby outside. If you really want to get the facts, sometimes you have to do it so that people don't know that today is the day that they have to step up their service. Any comments on the direction you might take on that one?

Ms. Angela Coke: We no longer let people know that the survey is coming. We let the managers know, at the beginning of the year, what the surveying program is, but we don't give anybody advance warning that it's happening. That change has been made.

We do use independent people to do those surveys, and to the extent possible, to do them as far away from the agents as possible, taking into consideration weather, location and so on.

I don't know, Helga, if you want to add any more to that.

Ms. Helga Iliadis: I think Bev is the expert in that regard.

Based on the Auditor General's recommendations, we did undertake a thorough review and research with the experts in surveying. As you know, I think our deputy mentioned the mystery shopper scenario might have been something that would have been considered. But with our type of services we're not really able to emulate a real customer transaction without getting into utilizing real records and into privacy complications. That really doesn't lend itself.

Bev, I know I'm not the expert, so I'll turn it back over to you.

Ms. Bev Hawton: Thank you. I think the majority of the points that I would have made have been covered. However, I'll just add one final thing, and that is that our overall customer satisfaction measurement program has been designed and implemented with assistance from nationally recognized market research vendors. This includes firms like Ipsos Reid and Harris/Decima, so we're comfortable that our program conforms to industry best practices and that the results are statistically reliable.

Once we implemented some of the recommendations that were made by the Auditor General, we continued to see a high level of satisfaction in our in-person survey. Actually, last quarter we had implemented several of the recommendations. We continue to see 96% of customers who are satisfied or very satisfied with their in-person service experience. So we're very proud of that result, and we're confident that we have a best-practice survey methodology.

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Mr. Jim McDonell: My comment only comes because of the observation by the AG that you're doing it outside, within view. So your phase 2 is not really an improvement, if you're trying to get the real impressions of somebody on a normal day not knowing something, because everybody knows.

You also say that your uptake is not very high on the online. I just wonder, how many people actually know? I see some things about your licensing; that's one thing. I don't remember seeing any advertisements. I'm just wondering, would that be an avenue? Because, obviously, it seems to be frozen at a low number. I see a lot of Ontario advertisements, but I've never really seen any that talked about the online services. In rural Ontario, I know many people would much prefer to save driving the 30 or 40 miles into Cornwall, if they could do it online.

Ms. Angela Coke: Actually, when we did some of the research, one of the findings that we did hear from people is that they're not aware—clearly, a gap in terms of communication and promotion.

We have employed some tactics that have proven to sort of nudge people, and people, if they're aware of the service, are willing to try it. But that is a gap that we've had, and we have been doing some promotional activities.

Bev, if you've got anything to add?

Ms. Bev Hawton: Yes, I can add a little bit more. We did do a study specifically around how many people were aware of our online services. This particular study did find that only 50% to 55% of users were aware that the vehicle licence sticker renewal could be done online. That represents quite a large opportunity for us. As a result, in February 2015, we updated the messaging on the licence plate sticker renewal notices, and we encouraged people to do it online.

The issue is that the current notices look a little bit like, "Here's a form. Fill it out, and bring it back in." We changed the messaging and said, "Do it online." In trial, that resulted in a 4.3% increase in online renewals.

Since that time, we have rolled it out in production or in market, and online sticker renewals are now at 13.8%

online, compared to 12.4% at the end of 2013. So we can't be sure that it's all related to that messaging, but we're really pleased with the results. That's an 11% growth rate.

So while we don't do big TV advertising campaigns, we're using a variety of methods to inform the public about our online services. We advertise them on social media, for example.

The Vice-Chair (Ms. Lisa MacLeod): You have about a minute left.

Mr. Jim McDonell: Okay. You are saying there's a large percentage of the population, the youth, that really use the Internet a lot. Maybe just quickly, one question I have about it is this: On your health cards, what's the policy as far as health cards with pictures or not with pictures, just to clarify? I think it's under a certain age and over a certain age that you don't have a picture on the health card. It just came up this morning. What's the clarification on that?

Ms. Helga Iliadis: I didn't hear that correctly.

Ms. Bev Hawton: I believe the question is, what is our policy around when you need a photo on the new photo health cards—the age.

Mr. Jim McDonell: Yes.

Ms. Bev Hawton: My understanding is—and I'd have to confirm this—I believe it is when an individual turns either 16 or 17 that they actually have to have their photo taken. We can get back to you on that.

Mr. Jim McDonell: Sure. Okay.

The Vice-Chair (Ms. Lisa MacLeod): You have 30 seconds.

Mr. Jim McDonell: Oh. It's not a recognized ID card as well, by legislation. I know the banks can't use it. Is there any reason why? I mean, it's a good ID. I go back to my son in university. He had to carry his passport around, because his driver's licence wasn't enough—they wanted two pieces—and the health card doesn't count.

The Vice-Chair (Ms. Lisa MacLeod): You have eight seconds.

Ms. Bev Hawton: Ontario now has the Ontario photo card—

Mr. Jim McDonell: That's with the photo card—

The Vice-Chair (Ms. Lisa MacLeod): Okay, thank you.

Mr. Jim McDonell: I'll ask it later.

The Vice-Chair (Ms. Lisa MacLeod): We're going to now move on to the third party: Mr. Singh.

Mr. Jagmeet Singh: I can finish off your question. What was it?

Mr. Jim McDonell: I'll get it in the next round.

Mr. Jagmeet Singh: Okay. Oh, you get another round. Yes, that's right.

Hi, there. Good morning, or good afternoon. I'm still stuck in the morning. Hope you're doing well.

I have a number of questions around protocols and systems that are in place around the privacy and security of information. I'll break it down, beginning with the online—I think it's a great tool. I think it's useful and

convenient, if it's promoted that way, as you've indicated. If it truly is more convenient, people will use it.

I'm just curious about what type of protocols are in place to ensure security of the data that's transmitted online and that's accessed when—

Interjection.

Mr. Jagmeet Singh: I see someone coming to the front: data expert.

Mr. David Ward: I listened carefully to your question, though.

Mr. Jagmeet Singh: That's it. I'm wondering what protocols are in place; what's the system in place; how secure are the transactions; what type of encryption is being used, if there's encryption being used. Give me some of that juicy stuff.

Mr. David Ward: I don't know how juicy it is, Mr. Singh, but let me try to address your question, and thank you for it.

We have data-sharing agreements in place that follow a series of rules and protocols with Ontario ministry partners—the Ministry of Transportation, the Ministry of Health, anybody that we are exchanging vital events statistics with: death, change of name, birth, that type of thing—

The Acting Chair (Mrs. Julia Munro): Excuse me. I don't want to interrupt you, but I must. I need you to introduce yourself for Hansard.

Mr. David Ward: Absolutely, Madam Chair. My name is David Ward. I'm the ADM for business development at ServiceOntario.

The Acting Chair (Mrs. Julia Munro): Thank you very much.

Mr. David Ward: You're quite welcome.

The Acting Chair (Mrs. Julia Munro): Please continue.

Mr. David Ward: Thank you.

As I was saying, we have data-sharing agreements with our ministry partners. Information is encrypted, and it's shared electronically with our partners, particularly in the province.

You might imagine that we also have data-sharing agreements with our colleagues in the federal government. We use a system called the National Registration Database system, which is a secure system. The data is encrypted and it is sent to the National Registration Database system. Federal departments, such as citizenship and immigration and other departments—Service Canada—can access that information.

Again, it's all secure, it's all encrypted, and we have data-sharing partnership agreements in place. As to what that information gets used for, we share a common objective of program integrity, as well as, from our perspective, protecting citizens' privacy.

Hopefully, that gives you a little bit.

Mr. Jagmeet Singh: Yes, a little bit. In terms of the data-sharing agreements, are those agreements available, and would you be able to make those available to us—what the agreements are or what the policy is?

Mr. David Ward: Yes. Typically, they're not; they're between partners. But, of course, we live in a world where information is shared—Open Government and all the rest of it. We could make that sample data-sharing agreement available through—

Mr. Jagmeet Singh: Through the Chair.

Mr. David Ward: You bet.

Mr. Jagmeet Singh: That would be lovely. I'd love to see that.

What type of encryption is used?

Mr. David Ward: I don't have that information. I'm not an IT expert.

Mr. Jagmeet Singh: Sure. That's okay. I'm just curious about these things. I think it's important.

One of the things that we find, when it comes to high-level encryption, is that it needs to be peer-reviewed. Do you know if there's open peer review of the level of encryption, that it's independently assessed by an outside company that assesses its level of security?

Mr. David Ward: I do not, but I can certainly get that information for you.

Mr. Jagmeet Singh: Okay.

The encryption itself: Is it a public code? When it's public, then you can assess the strength of the security.

The Electronic Frontier Foundation has set out some guidelines around what makes something good encryption. It needs to be publicly accessible so that people can analyze whether or not it's truly secure. Do you have that information?

Mr. David Ward: Not on hand, but once again, it sounds like I've got a series of questions that I'm very happy to get back to you on.

Mr. Jagmeet Singh: Perfect. That's good.

That's online. With respect to the telephone: I'm not absolutely clear on this, and you might have said this, and I apologize for missing it. Telephone access: Is that something that's public, or is that privately run?

Ms. Helga Iliadis: Our telephone channel is what you're asking about?

Mr. Jagmeet Singh: Yes.

Ms. Helga Iliadis: Okay. I'd be happy to take that question, if I may. I'm responsible for the telephone channel.

Mr. Jagmeet Singh: Perfect.

Ms. Helga Iliadis: It is a key element of our multi-channel strategy. Its purpose: It is there for customers to be able to get answers to their general inquiries, to be redirected, to find out what they need before they make a visit somewhere or whether a service is online. It also, more and more, as the future unfolds, will be key to our digital-assist strategy to, again, help make that digital option as appealing and user-friendly as it possibly can be.

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We have not yet rolled it out, but one of the features with the newer technology that we have in place now is Web chat. That will be something that we'll be exploring in the near future.

Mr. Jagmeet Singh: That's excellent. So the telephone channel doesn't currently exist, or it does currently exist?

Ms. Helga Iliadis: Oh yes, it does. We actually handle about 4.2 million calls a year.

Mr. Jagmeet Singh: My question, then: When you said it's not rolled out yet, you were referring to the Web chat?

Ms. Helga Iliadis: Yes.

Mr. Jagmeet Singh: Who does the telephone? Who is providing that service? Is that publicly delivered?

Ms. Helga Iliadis: Oh, you're asking whether the employees are public?

Mr. Jagmeet Singh: Yes.

Ms. Helga Iliadis: Yes, it's public employees at this time.

Mr. Jagmeet Singh: So it's through the government of Ontario?

Ms. Helga Iliadis: That's correct.

Mr. Jagmeet Singh: It's Ontario-funded.

Ms. Helga Iliadis: Yes.

Mr. Jagmeet Singh: What are the protocols with respect to personal information that's provided when they're speaking on the phone? Are there protocols in place?

Ms. Helga Iliadis: Yes. Again, I don't have the exact specifics with me, but there is a definite protocol for every call type that would, in the very early stages, after greeting and determining the customer's request, identify the degree to which we need to authenticate the customer in order to provide the information that they're asking for.

Usually we're dealing with more general inquiries, so privacy would not be as much of an issue, but where they are getting into a very specific scenario, yes, indeed, there are protocols in place that would have the rep ask for information to ensure that they're speaking to the correct party.

Mr. Jagmeet Singh: Okay. In terms of the rep, does the representative have access to personal information as well—on their computer terminal, I'm assuming?

Ms. Helga Iliadis: Yes, they do, in some cases. Again, it depends. We have varying levels of customer service representatives. Our CSR 1s, for example, would just handle straightforward, simple inquiries with little interaction with databases, but our CSR 2s would handle more complex interactions with some adjudication, potentially, involved, and troubleshooting. So yes, they would have access to private information.

Mr. Jagmeet Singh: I feel very comfortable about public employees having access because they're governed by and accountable to the government. I think that's absolutely something that I am comfortable with. I'm just wondering: Are there certain guidelines about what they can do with the information and how they can access it? And if they do access information, is it logged that information was searched? Are there different protocols or systems in place for that?

Ms. Helga Iliadis: That's an excellent question. We have very stringent guidelines for our employees on how to uphold privacy.

Mr. Jagmeet Singh: I'm not surprised, because public service employees do great work.

Ms. Helga Iliadis: Thank you for that. Clearly, privacy is one of the most sensitive issues that customers entrust us with, so we take that very seriously. When employees first join the government, they sign an oath which is very specific about the kinds of things they need to be aware of and uphold as representatives of the government. More recently, we have also engaged in a service-delivery-specific training that we have launched and we will now be doing every year to keep it very fresh and top of mind for our staff.

For the very rare circumstances, if something goes wrong, we do deal with it very severely.

Mr. Jagmeet Singh: Okay. In terms of when the information is accessed, is that logged? Are you able to determine if private information is accessed?

Ms. Helga Iliadis: In most systems, yes, it would be logged.

Mr. Jagmeet Singh: Is there a reason that needs to be provided when information is accessed?

Ms. Helga Iliadis: Yes. The intent is that, generally, staff would only access information in the course of their duties, to help a customer. If it is not relevant to a customer request, they should not be touching it.

Mr. Jagmeet Singh: I'm actually building this up to contrast the, I think, very robust policies that seem to be in place, and I'm curious if the same policies are in place on the private side as well. That's what I'm going to be moving towards—

Ms. Helga Iliadis: For example, in our in-person network on the private side?

Mr. Jagmeet Singh: —in case you want to know where I'm going. It's not like a cross-examination; it's open.

What I'd like to ask first, though—so that's telephone. If we can move to, then, the in-person on the public side, there's more access now, because now you're actually dealing with a person. You can authenticate them. Like you were saying before, there's a certain higher level of identification that's required because with things like the health card, you need to authenticate it more. In those cases, are there similar protocols with respect to when information can be accessed and how it can be accessed?

Ms. Helga Iliadis: Absolutely. Again, similar to our staff, when they first join, they're screened, and so are all of the employees who will be accessing our systems. They go through a security screening, a background check, all of that. Once again, our private partners, who are small to medium-sized business owners across Ontario, operate to the exact same standards that we do, the very same expectations. They're all very clearly outlined in the contract. We utilize the same reference material, and we utilize the same training content, so that is pretty much identical.

Once again, I would say, based on experience, we do not find a difference in the quality of service being provided, or the quality of the customer experience, between our private part of the network and our publicly operated part of the network.

Mr. Jagmeet Singh: Okay. I would raise some questions about the quality, so I'm glad you addressed that. But I'm more concerned with the policies with respect to the protection of the privacy of the consumer, or the client. In the public case, the public employee is accountable to the government. In the private case, what levels of accountability are there, and in terms of if information is logged?

I'll give you a scenario. I would assume—I don't know if this is how it works—that an employee would log in with their employee ID, and once they're logged in, during work hours, they would be able to access information. Are you able to determine if someone is logging in after work hours, or if private information is being accessed at a time that may not make sense? How is that logged or tracked? Yes, I'll start with that—if it's logged and tracked in the first place.

Ms. Helga Iliadis: Whenever someone accesses individual data records in the system, it would generally be logged. If there is any question or concern, especially if it's privacy-related, we would consult with our head of privacy for ServiceOntario, a very expert resource. As required, we would also engage our quality assurance experts, who would help us investigate it in the system, to see if there are any improprieties involved, and we can also engage our IT colleagues for forensic investigations as required.

These types of scenarios are extremely rare. I am confident that even on the private side, our owners of the individual offices would understand that they must uphold the highest standard, or they would put their business with us at risk. These kinds of breaches—if an individual were to engage in inappropriate behaviour like this within our private network—would generally result in them being banned from the system for life, which essentially makes them no longer employable by us.

Mr. Jagmeet Singh: Some of the things you indicated—the forensic analysis—are all after the fact? What goes on, on a regular basis, to ascertain whether or not anything is going on in the first place?

Ms. Helga Iliadis: We have a very robust, ongoing quality assurance process. It was something I know that the Auditor General and their team quite rightly commented on in their 2013 audit. Even at that time, it was already on our radar screen as needing a fundamental rethink and redesign, and there has been a great deal of work done on that since that time.

Our updated quality assurance program that we launched in July looks at all aspects of the service. It looks at program integrity, so, transactionally, the degree of compliance with process and policy. It looks at privacy compliance. It looks at census financial review. It looks at how we manage controlled stock. There are also on-site reviews, looking at things like technology, security and the customer experience.

We have a dedicated team of people. Their entire mission in life is constantly auditing transactions, looking at them for the paperwork that is saved, and comparing that to whether it has been accurately captured in the database and we have met all the requirements of the program. Privacy is a top, high-risk item that they evaluate on.

Mr. Jagmeet Singh: Okay. By providing this type of service, I think we have a lot of experience around what entails the proper guidelines around quality. In terms of how quickly the service is delivered, and the customer satisfaction, I think most people have a grasp around that.

My concern is, moving forward in a more digital era, that we don't have as much—and I'm not criticizing you specifically or your organization. Just broadly speaking, I don't think we have really wrapped our heads around what digital privacy really means and how important it is in this new world that we're in. That's why I'm asking a lot of questions around digital privacy.

Ms. Helga Iliadis: Understood.

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Mr. Jagmeet Singh: To me, it's a very important issue. I don't think we have developed a very robust system around it. In terms of the privacy compliance component of quality assurance, is there a specific policy? What are the checkpoints that need to be established to say that, "Okay, you are following the appropriate guidelines around privacy"? If that specific policy could be made available, I'd love to evaluate it and analyze it.

Ms. Helga Iliadis: We can follow up on that and provide more detail on that for you, sure.

Mr. Jagmeet Singh: Sure.

Let me just do a quick check on my time. How am I doing?

The Acting Chair (Mrs. Julia Munro): You're fine.

Mr. Jagmeet Singh: How much time?

The Acting Chair (Mrs. Julia Munro): You have about four and a half minutes.

Mr. Jagmeet Singh: Four and a half minutes. Okay. Thank you.

I understand the information that one logs into from a computer terminal at an in-person location is data that is centrally located. The information that's obtained, is it—

Ms. Helga Iliadis: Oh, yes, it is. Yes, it is.

Mr. Jagmeet Singh: And it's stored on, could I say, a cloud server? Like, it's stored online; it's not in a—

Ms. Helga Iliadis: We wish. Some of the systems we work on are very much legacy, so we're not talking cloud server. But yes, for sure, we do have centralized access and there are, again, dedicated expert teams. We will often partner with our ministry partners, and they are the ones who would access that information.

Mr. Jagmeet Singh: Okay. Then the IT requirements to set up a ServiceOntario location and a certain level of Internet access—it accesses directly to a server or does it access online storage?

Ms. Helga Iliadis: When we establish a service provider office, we actually provide them with a specially designed computer terminal set-up. It allows them the

necessary access to each of the systems that will allow them to process the transactions that they'll be facing. It does not allow them complete access to internal government Internet services at this time.

Mr. Jagmeet Singh: That's good. Just so I understand it correctly and if it's something—I did a little bit of computer science in undergrad so I have a little—

Ms. Helga Iliadis: I wish our IT prime was here. He could answer these much better.

Mr. Jagmeet Singh: I'm sure your IT guy would talk circles around me, because I'm not that knowledgeable; I just know a little bit. It's always a dangerous thing when you know just a little bit, right? So I accept my own ignorance.

But with respect to the way it's set up, I'm just wondering—because I know that some of these questions are important to evaluate the level of security—is the data then downloaded into the particular office and they have a certain amount of data, or is it data that's stored somewhere else? I notice some head nodding—maybe you know the answer.

Ms. Helga Iliadis: Do you want to comment on that?

Ms. Bev Hawton: Well, maybe I can say a little bit.

Mr. Jagmeet Singh: Yes, yes.

Ms. Bev Hawton: The data, as I understand, is stored on servers at our very secure Guelph data centre. That is actually where the data repositories are. So it is not downloaded, it's not on local machines, either in ServiceOntario publicly operated offices or privately operated offices.

Mr. Jagmeet Singh: Okay. I missed the data centre. You said?

Ms. Bev Hawton: Guelph.

Mr. Jagmeet Singh: Oh, it's a Guelph data centre. I see. I heard "Welf," and was like, "Is that the name?" Okay. Excellent.

That helps. Thank you so much for those questions. Maybe in the second round, I'll come back to some more, if I can think of some more in that area.

There's one question that came up—I don't know if my colleague asked it or not. It was something that came up through the researcher and through the presentation by the Auditor General. I'll just read it out. It says that despite the finding by both the auditor and ServiceOntario that some fees charged are significantly greater than costs incurred, no steps have been taken to change this. Is that something that you've been able to address or are there some comments around that?

Ms. Angela Coke: Sorry. This is around the fees?

The Acting Chair (Mrs. Julia Munro): Maybe we can have the question answered in the next round.

Mr. Jagmeet Singh: Sure. My time is up—

The Acting Chair (Mrs. Julia Munro): We've run out of time.

Mr. Jagmeet Singh: —so we'll go around then. Thank you.

The Acting Chair (Mrs. Julia Munro): Yes, Mr. Milczyn, please?

Mr. Jagmeet Singh: Sorry, Madam Chair. My apologies for interrupting you.

The Acting Chair (Mrs. Julia Munro): No, no. I caught you right at the time you finished the question.

Mr. Jagmeet Singh: Oh, you did.

The Acting Chair (Mrs. Julia Munro): They can think about the answer. We'll move on. Everything's fine.

Mr. Jagmeet Singh: Perfect. I just wanted to ask, briefly, what's the next round? How many minutes do we have?

The Acting Chair (Mrs. Julia Munro): I haven't done the math. Between 18 and 20.

Mr. Jagmeet Singh: Thank you.

Mr. Peter Z. Milczyn: Thanks for your presentation today. I wanted to ask you about some of your risk mitigation strategies, because that was one of the issues that the Auditor General highlighted. But I want to take it a little bit further than what is specifically in here and relate it a little bit to access to the services.

A number of years ago, you had what I thought was a very useful service, the stand-alone kiosks, which my family used. You withdrew those because of certain security considerations. I saw those kiosks as the mid-point between in-person and online because it's a stripped-down technology. It walks you through what you need to do, and it was located in places where maybe somebody who doesn't have access to their own computer or to high-speed Internet or to broadband might be able to conveniently access it and do a self-service function.

I was just wondering if you could explain to us why that's no longer an option and how that ties into your risk mitigation strategies to ensure that only the people who should be securing a service are getting it, and the issues that my friend across was raising about protection of data and so on—how all of those interrelate.

Ms. Bev Hawton: Thank you for your question. Indeed, ServiceOntario did shut down the network of kiosks. I believe that was in 2012.

I'd like to point out that all of the services that were available at the kiosks are available online 24/7, and our online channel is absolutely secure.

It was after a thorough investigation into ServiceOntario's kiosk system that it was decided to close the system permanently. We undertook months of careful analysis, consultation with experts and testing of multiple options and solutions, and we did determine that even if we spend millions on security improvements, the kiosks may still be vulnerable to high-tech crime.

The government at the time wanted to ensure that the kiosks were 100% secure if they were going to be brought back into service. Again, I will say all of the products and services that were available on the kiosk network are available online, and we would encourage people to use the online option.

Mr. Peter Z. Milczyn: That was a risk specifically to the hardware that you had.

Ms. Bev Hawton: The hardware, yes.

Mr. Peter Z. Milczyn: It wasn't a risk to the online services or to the back-office functions. It was just that particular piece of hardware.

Ms. Bev Hawton: That's correct, yes. My limited understanding is that there was some kind of device that could be put on the front of the kiosk that was used to skim an individual's personal or financial information.

Mr. Peter Z. Milczyn: Into the heart of the risk mitigation strategies which the Auditor General highlighted: We know that there's all manner of identity theft going on, so there's this issue of guarantors for certain types of applications. Could you explain a little bit to us about how you validate or audit those types of applications, and what you do to ensure the integrity of those applications?

Ms. Angela Coke: I'll ask Robert Mathew to answer that question. He has done quite a bit of work and research on this and can provide some more details.

Mr. Robert Mathew: My name is Robert Mathew. I'm the assistant deputy minister for the central services division at ServiceOntario.

I will start by saying that Ontario has one of North America's strongest birth certificate systems. We have that to ensure that every certificate we issue is secure and reliable.

As you know, birth certificates are the government of Ontario's only foundation identity document for people born in Ontario, and it is required to access many other programs and services. Many other levels of government and the private sector rely on the integrity of Ontario's vital event data and certificates.

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The integrity of the vital event products and services processes in delivering this is absolutely critical to ServiceOntario. So ServiceOntario will continue its existing detailed authentication process to verify the eligibility of applicants to obtain birth certificates. We're going to do that by comparing the information provided by the applicant with the birth registration information on record.

ServiceOntario has stringent checks and balances in place to prevent fraudulent applications, and, when necessary, we will contact applicants for clarification, and the guarantors who are verifying that information.

Just to give you a little bit of information about the background on the guarantor audit: Post-9/11, the Office of the Registrar General introduced the new security measures to its paper application process at that time and required that all applicants provide a qualified guarantor.

Further to the Auditor General's report in 2014, ServiceOntario completed an analysis of the effectiveness of the guarantor audit. We determined at that time that the random audit of guarantors did not add any value to the existing application screening process as the guarantor process is not designed to verify the eligibility of applicants or the information provided by the applicant.

The guarantor audit process involved contacting the guarantor to verify that he or she is a practising member

of a profession or an occupation with a professional body. It did not verify the information, nor did it assist in completing any missing information in the application process. However, we do have a separate adjudication process in place that we follow if there are incomplete applications or we feel that the applications did not meet the stringent criteria to confirm the eligibility of the applicant. The guarantor audit process has never identified any fraudulent applications because we were just calling the guarantor and finding out whether he or she belonged to a professional organization.

The point I want to mention is, Ontario is the only Canadian jurisdiction that requires guarantors for birth certificate applications. ServiceOntario will retain the requirement that applicants provide guarantor information. As I stated, this information can be used to verify whether or not the statements provided in an application are accurate.

We do contact guarantors in some cases to confirm the intent of applicant situations when an applicant does not have all of the required information to request a certificate. Let me give you an example. A foster child may not have all of the information required to request a certificate. He or she may not have that information available because they don't know every piece of information related to their parent or they don't know what was included in the birth registration information. At that time, what we will do is, we will contact the guarantor just to make sure that the intent is not fraudulent. Based on that conversation, we issue the birth certificate.

Due to all of these reasons, ServiceOntario will continue to collect guarantor information. However, we have decided to cease the practice of auditing guarantors.

Mr. Peter Z. Milczyn: I think Mr. Fraser wants to speak to—or Mr. Dong.

The Acting Chair (Mrs. Julia Munro): Yes, Mr. Dong.

Mr. Han Dong: Thank you, Chair. First of all, thank you for the presentation. I have to say that I applaud you for recognizing the diverse nature of our province, and I encourage you to continue finding those innovative ways to service the multilingual community in our province. As the member for Trinity-Spadina, it's very good for me.

Speaking of which, in my community I often find that there are vehicles parked with accessibility permits on them, and it is a concern I've heard a few times. I recognize that in the auditor's report, one of the recommendations was to improve the process for issuing accessibility parking permits and introduce changes that would make it easier to identify abusers.

I just wonder if you can tell us more about the permit security features and if you're concerned that the new policy for accessible parking permits may create a barrier for people who have a disability.

Ms. Angela Coke: I would just start off by saying that we do have a new policy, as we mentioned. We do have new secure features on the permit card and new processes that really improve and ensure that we are approaching

this in the best possible way. We did also get feedback from organizations—stakeholders that represent people with disabilities—and they believe that the changes that we've made are very fair and balanced and will in fact help make sure that the right people who require this service get it.

I'll turn it over to Helga to provide a little bit more detail on that.

Ms. Helga Iliadis: I'd be happy to comment on it as well. It was really important to us, in the updating of the APP policy, that we strike that right balance that you commented on, to ensure that the service was only being provided to those who really needed it but also to preserve that convenient access for vulnerable customers for whom this is really, really important.

As our deputy mentioned, lots of consultation and research went into this, and work with stakeholder groups as well. I will say, also, in consultation with our minister's office, that we thought about: Should we inject a reasonable degree of flexibility into our policy? One area, for example, where the policy was being tightened up is, sometimes third parties come in on behalf of an applicant to request an accessible parking permit. This policy tightening-up was going to require that not only did we need to be able to verify the identity of the applicant for the APP but also we wanted to have a letter of authorization for the third party. We realized that that was going to raise a difficulty, a hurdle, to be able to do that. We agreed that since this is a transition, if a third party came in, as long as we had identity verification for the applicant, then we would go ahead. Our staff would give the third party a temporary accessible parking permit, even if they had not brought a letter of authorization. That would then give them time to return for a more permanent capability when they could meet the full eligibility requirements, so that at a later time they would return with a letter of authorization and all conditions would be met.

The last thing I would comment on as well is that no matter how thoughtful you are about a policy—and we did check back with our stakeholders and they agreed with us that it was a really good balance—the chance that you can anticipate every possible permutation that would happen in real life is not really realistic. So we also did establish a bit of an escalation process for our staff so that if they encounter one of those unique situations where the policy requirement really isn't being met and yet common sense would dictate that this individual really needs an accessible parking permit, then we have created an escalation process so they can consult with experts and get further adjudication on that situation.

Mr. Han Dong: Good.

Do you have something to add?

Mr. Robert Mathew: Can I just add a few points?

Mr. Han Dong: Sure.

Mr. Robert Mathew: As the deputy and Helga mentioned, ServiceOntario considers the abuse of accessible parking permits totally unacceptable. That was one of the reasons that we decided to bring in these new policies, based on recommendations from the Auditor General.

The deputy already talked about the consultations, where ServiceOntario consulted with various partners and stakeholders before we introduced the new policy. We especially did a lot of consultations with municipal law enforcement to come up with strategies to streamline the seizure policies on this issue. We know that there is misuse, and the municipal law enforcement agencies are responsible for monitoring that. Once the permit is seized, we wanted to make sure that we have a fairly easy process to deal with that. So we had a lot of consultations done.

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I just wanted to take a minute to give you some of the new security features in the new accessible permit.

The new enhanced permit is more secure and tamper-resistant. The new permits have many security features, including a serial number. The implementation of this serial number allows ServiceOntario to maintain a controlled stock of the permits. In the past, it was not a controlled stock, which increased the opportunities for fraud. With the introduction of the serial numbers, we definitely will be able to reduce that.

We have an embossment and micro-text printing of the permit. With that, it is difficult and harder to photocopy the permit. In the past, we know that people have photocopied temporary permit applications and gone into the offices to get temporary permits.

We also used this opportunity to further make changes and add accessibility enhancements to the permit. We made the letters larger, and raised the wheelchair symbol so that visually impaired clients will be able to manipulate and place their own permits in the car without any assistance.

The other key piece, and Helga mentioned this, is that the policies align with other product lines that ServiceOntario issues. The document requirements in the new policy that Helga talked about are identical to the Ontario photo card, health card and driver's licence, so you can use any one of those documents for getting an accessible permit.

This will also definitely help to reduce fraud, because in the past—you may know this—a person could get a doctor's note saying that he or she had a medical condition, and come in and request that a temporary permit be issued in their nickname. In the new policy, you will not be able to get that. The permit will be issued in your official name as shown on the identification document. Again, this helps to reduce fraud.

Mr. Han Dong: That's very good. I'm afraid I have to change the channel a little bit and maybe turn to another question. I know the auditor's report commented on customer satisfaction at in-person centres. You've been in consultation with Ipsos Reid. Can you tell us how ServiceOntario collects its information, and any steps being taken to improve ways of collecting this information? I'm speaking to the methodology of the survey.

Ms. Bev Hawton: Indeed, the Auditor General did comment on customer satisfaction measurement. That is something that we take very seriously, as a service organ-

ization. We do measure customer satisfaction across all of our delivery channels.

As I mentioned previously, the entire program has been designed and implemented with assistance from nationally recognized market research vendors. Some of the industry best practices that we use include performing an exit survey, to ensure the experience is fresh in our customer's mind, and conducting random sampling, to prevent survey biases.

We do use a third-party research provider to ensure transparency and credibility in the research process. We conduct interviews outside our in-person centres now—weather permitting, of course—and as far away from the agents as possible.

The other point I'd like to make is that conducting the customer satisfaction surveys is just one of the many means we have for customers to provide feedback. Customers are encouraged to email feedback to our customer experience office. That's available 24/7. Each email we receive is immediately acknowledged and, where appropriate, assigned to a program area to review and prepare a response. Based on all of the feedback we receive, management takes different actions: whether we need to make a correction to a process, or we need to undertake a specific review.

In addition to that, we—

The Vice-Chair (Ms. Lisa MacLeod): Can you hold that thought?

Ms. Bev Hawton: Yes.

The Vice-Chair (Ms. Lisa MacLeod): Now to the official opposition. I just want to say that we have about 17 minutes per caucus for the second round, okay? So we'll start with Ms. Munro.

Mrs. Julia Munro: I have two points that I want to raise with you where I hope you'll be able to join the dots and provide an answer.

The first part of my question is that you made reference in your opening statements about maintaining the opportunity to have lessons from other jurisdictions; my question then leads from that in terms of the issues around data sharing. It seems to me that if I come away from this meeting, that will be one of the issues that I see as a continuing challenge. So that question is, what have you seen from other jurisdictions on the specific issue of data sharing?

Ms. Angela Coke: I'll ask my colleague David Ward to speak to that.

Mr. David Ward: First of all, thank you, honourable member, for the question.

Data sharing is incredibly important. I talked earlier about some of the sharing agreements that we had in place with various levels of government as well as with Ontario ministries. First and foremost, we put an incredible amount of interest and expertise into our data-sharing agreements.

Your question was about jurisdictional best practices and lessons learned. What we're finding, and it actually stitches together with a number of the themes that have been raised here today, is that whether it be kiosks or authentication of customers or driving more online services,

governments around the world that are really good at offering digital services, protecting people's privacy and maintaining secure transactions, particularly online—what we've found is a key enabler to enabling governments to transform is the introduction of a higher order digital authentication scheme.

What they do is they offer an opportunity, either by using a smart card or using their mobile device or simply logging on to a computer, of proving out through a consistent means that you are the person you say you are. Then you create a binded trust between the customer and, in our case, the government so that we're able to offer a higher order of transactions online.

Often, cases of these digital authentication methods result in a more secure, privacy-friendly means of dealing with the customer online and it opens up a range of new services that can be provided. We would have heard last week in the Ontario budget about the government's commitment to introducing an online health card. Today we already offer an online driver's licence, but you can't do your health card online, and so you have to go trucking off to a government ServiceOntario office.

But in order to achieve an online health card, you must be able to authenticate that person; I think my colleague talked about a higher order of authentication for health services. Today, that happens in person. We have a number of good policies in place. One must show the fact that they live in Ontario and that they're operating in Ontario so that you don't have people coming from another jurisdiction and using our health care services.

But there are ways and means of doing that higher order of authentication online where you actually increase a privacy-friendly service. You might build a service where you create some rules and you find out from a bank or a telco whether they've been operating in Ontario. So instead of having the front counter clerk rifle through your Visa statement, it's simply a question—it's a ping against a bank or a telco to say that you've been operating in that jurisdiction. That actually enhances the privacy experience of customers.

The reason why I bring this example up is because what we've found in our jurisdictional research is that the likes of the United Kingdom, the likes of Australia, some of our colleagues across Canada, are all moving in this direction. So we're watching really carefully. We're doing some of our own research. We're currently doing an assessment—and I have to thank the auditor for bringing up the recommendation of an integrated smart card because it was the impetus for us to dig into that issue and find out that it actually isn't just integrating cards that is going to save you the money; it is creating an identity authentication scheme that might include a card, or it might include other means that would allow us to do the things that we talked about—security, privacy—and offer an increased suite of online services. Leading jurisdictions are doing it, we're looking carefully at it, and that's the direction we're headed in.

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Mrs. Julia Munro: Well, you've provided the segue to the second part, which was the recommendation that

asked you to examine the benefits and the cost of a smart card. Have you set any kind of timeline or marching orders?

Mr. David Ward: I'm happy to take the second part of that question. As I said, we were really happy that this recommendation came forward because it allowed us to better understand what leading global organizations are doing. I talked about the fact that the analysis determined that simply putting cards together wasn't the answer, but there were other things we took from that research.

To prove out that concept that I just got through talking about, we've actually engaged in quite an in-depth analysis and assessment on a cost-benefit business case that takes a look at single digital identity, as I said, as well as a possible card strategy—whether or not a card is involved. Some jurisdictions use a card; some jurisdictions like the UK don't use a card. But it is part of the identity ecosystem, if you will. So we're taking a very close look, as was mentioned, at costs, benefits and governmental applications. I think what we've learned from other jurisdictions is really important.

Our colleagues in British Columbia have introduced a services card, where they've taken a driver's licence and a health card and put it together. They were the first out of the gate in Canada to do that. We've watched them very carefully, and we've taken some lessons from them around the importance of public engagement, around the importance of making sure that you have a suite of government applications. Don't think about that after you roll your card out; think about the incremental programs that a citizen of Ontario could access with the card or the digital identity and have those lined up. Make them practical, make them user-friendly, so that once you do roll out your digital identity scheme, customers actually find value in it. That's something we learned at the outset from our friends in British Columbia, where they raced to put a smart card on the street and then had to line up their partners and their programs after the fact in order to make it a useful product for citizens.

So while we might not be leading in this area, I think there's an awful lot of benefit to taking a look at what our colleagues are doing and learning from them. At the end of the day, the lessons learned will actually help us come up with a more reasonable time frame so that we can get this important product on the street, should the government consider this and approve this direction.

Mrs. Julia Munro: Now I know that the commercial about "all I need is my eye" is probably not that far away.

The Vice-Chair (Ms. Lisa MacLeod): Any further questions? Mr. McDonnell?

Mr. Jim McDonnell: In talking about the logic of the smart card, we see issues around people trying to access—well, it could be any type of revenue they've received from the government—the issue around cheques being issued and trying to get them cashed. Is there any movement on the automatic deposit as far as payments from the government over to consumers' bank accounts? It gets rid of this idea that there are banks that require 10 days for a government cheque to clear, which leads them

to do other things that are not always that great. Is there any action on that, or is it outside of the scope of this?

Mr. David Ward: I'm not connecting with the question that you're asking. Maybe you can try again.

Mr. Jim McDonell: I'm just wondering, is the government moving to an automatic deposit system for some of their payments—

Ms. Angela Coke: EFT?

Mr. Jim McDonell: —at ServiceOntario, some of their incomes or different monthly transfers that go out to different clients—

Ms. Angela Coke: Electronic funds transfer, you mean? EFT?

Mr. Jim McDonell: Yes.

Ms. Angela Coke: I know that we are trying to increase the EFT, rather than using cheques. That is handled by a different part of our organization, the enterprise financial services and systems area. This is something that they are promoting: much greater use of EFT. It is quicker, it is more convenient, and it is cheaper. That is something that they are pushing, most definitely.

Mr. Jim McDonell: I would imagine that it's cheaper as well. But we see, basically, abuse within the system—cheques lost. Even with some of the clients needing instant access to their money, banks tend to hold on to a cheque for a number of days before they free up the cash. So as a response, we see these clients going somewhere and using other means, cashing cheques at a fairly high cost. These are people who generally need every dollar they have. They don't need to be spending 15%, getting a cheque cashed. That's kind of the response we see, by inaction on this program. It's just something that certainly would help a lot of these people.

You mentioned in the last question, about the health card and using it for identification—there is, or at least there was, legislation that didn't allow people to use it for identification. I mean, we have a good photo ID card, government-issued, and yet banks, by legislation, are not allowed to use it—or anybody, for that matter. Is there some thought—

Mr. David Ward: I would just be able to confirm for you that that is, in fact, in legislation. That legislation belongs to the Minister of Health, and it does currently exist today.

As my colleague says, one of the things that the province did to increase the range of identity products that a citizen might use, that isn't limited to health care or driving privileges or what have you, is the Ontario Photo Card, which really reaches a greater audience, I would say. People with disabilities can access that product. People at both ends of the age spectrum can access that product. It does provide a secure means of identification for citizens. So I can comment on that. It's our product.

Mr. Jim McDonell: A concern I have is especially students being required to have more than one ID. They don't all have a driver's licence, so they're forced to carry around passports. It's just something we've gone to the trouble—the money is there and spent. They're

willing to use it. People would be willing to accept it, but legally they can't. It's an issue to maybe take back.

We also talked about the sharing of records between ministries—addresses. It increases the accuracy. Is there movement on that, or any desire? I see that as something that there seems to be very little movement on.

Overall, it's about getting things right. We talk about the fraud in the system. A lot of this is just when people are re-inputting stuff and mistakes are made. Some correction that allows it to say, "Oh, you've got a change here"—people change addresses, and don't update records. I'm guilty of that myself.

Mr. David Ward: That's actually a terrific question, and it's one that we're seized of. The Auditor General certainly raised the matter of our inability to share address information and so on across programs. Certainly, a consultation with the privacy commissioner would be of utmost importance as we continue to make progress in that area, and we are making progress. I'll talk about that progress in a minute, because that's exactly what the question was about.

But I would say that broader sharing of information across programs is something that we're seized of. It's something that does require information-sharing legislation that is not in place today.

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But, having said that, there are some positive things that I want to talk about. I want to talk about a very practical thing that we do at the front counter today. If somebody comes in and changes their address on their driver's licence, with their consent the front counter person will ask them whether or not we can also reconcile their health card address at the same time for them. So we're proactively asking for their consent and being able to reconcile those two things at the front counter.

We're also examining options to provide electronic name change notifications with our partners. That helps data integrity.

My colleague earlier talked about, and I believe, if I'm not mistaken—in fact, I'm quite confident that the initiative was mentioned in the budget, and that was improving our integrated online transactions. I think it was mentioned earlier that we currently offer an integrated address change online.

As part of our efforts to increase customer-centric service design, we're applying service design principles that we've picked up—to Ms. Munro's point, we've learned from other jurisdictions that they have such things as performance measures, customer service design principles and those kinds of things. We've borrowed a note from their book. We're applying them to some of our transactions, like integrated address change, in hopes that we can make it a more user-friendly product.

But the objective is, just as you suggested, Mr. McDonell, to get better at sharing information between our two biggest programs, which is the Ministry of Transportation and the Ministry of Health.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much. My colleague, Mr. Singh, from the third party.

Mr. Jagmeet Singh: Thank you very much, Madam Chair. Good afternoon, once again. There was a question I asked you when we left off, and I don't know if we got an answer to that question yet. Did anyone else—you probably don't recall the question, because it was a long time ago. Let me tell you the question again. The question was: With reference to recommendation number 3, despite the finding by both the auditor and ServiceOntario that some fees charged are significantly greater than costs incurred, no steps have been taken to change this. Can ServiceOntario explain why no action has been taken on this recommendation?

Interjection.

Mr. Jagmeet Singh: Hi there. It's a new person. That means this question has not been answered yet, because I've not seen you.

Ms. Angela Coke: That's true. I just will reiterate—before I turn it over to Clare McMillan, who is our CAO and has been helping us with this part of the work—as I mentioned, in the context of our overall strategic plan and the timelines for some of our key transformation initiatives, we will need to do a full analysis of our revenues and fees. That will involve complex considerations about what the overall costs are that we incur to deliver the service and take into account a number of important business and system improvements that are planned or under consideration.

We will also need to align ourselves with what the government overall is committing to do in terms of looking at service fees in a way that is fair, balanced and reasonable.

I'll turn it over to Clare to provide a bit more information in that regard.

Ms. Clare McMillan: Thank you, Deputy. Good afternoon, Madam Chair, honourable members and Auditor General. My name is Clare McMillan. I'm the assistant deputy minister of corporate services and the chief administrative officer for the Ministry of Government and Consumer Services. I'm happy to help respond to that particular question.

Let me start by saying that there are two streams of user fee revenues that we have accountability for: services that ServiceOntario manages directly and services that are offered on behalf of other ministries. ServiceOntario has four services that they are responsible for, end to end. These are company registrations, personal property security registration, vital events, and real property.

ServiceOntario completed an expenditure analysis of the four lines of business, as noted in the Auditor General's report, that we manage end to end. The results of this analysis have allowed us to determine the cost per transaction for fiscal 2013-14. The analysis, however, as the deputy mentioned, only includes ServiceOntario expenses and some relevant expenses for Ontario shared services. It doesn't include expenses related to transformational initiatives, nor does it include ServiceOntario's share of other shared ministry programs like, for example, the policy for the business registration system.

When we completed this particular analysis, the primary purpose of the costing project was to formulate a channel migration strategy for the various transactions that we were offering. It was also to help inform us around project-specific initiatives that we might be developing and determining the costing around that.

The next step, as the deputy mentioned, is to complete a full revenue and fee analysis, which will follow the completion of several improvement initiatives in the lines of business, including systems modernization. Some of these systems are sitting on old legacy systems, and, while they're running okay today, we know that the end is somewhere in sight.

It's a complex business. These initiatives are at various stages of timing and implementation. For example, in the vital events line of business, we've talked already this afternoon about the polymer birth certificate. We committed to the Auditor General that we would be conducting a detailed analysis in the last quarter of 2015-16 or the first quarter of 2016-17. It's probably going to be the first quarter of 2016-17. Again, we'll need to look at modernization that this system, overall, might require, and then, as other initiatives come to fruition, we'll treat them accordingly.

The Auditor General had also acknowledged in her recommendation that fees should be set at levels that would cover the costs of providing services when it is reasonable and practical to do so and also meet legal requirements that fees not be set at excessive amounts. As I mentioned earlier, any analysis needs to include that systems modernization and take into consideration full costs.

We're also seized of the fact that the government announced, in the 2015 budget, that the province is moving forward with a multi-year, government-wide full cost recovery and indexation strategy for user fees. That was further reaffirmed last week in the 2016 budget, noting that it will continue reviewing all service fees in a way that is fair, reasonable and balanced. ServiceOntario is part of that enterprise-wide full cost recovery and indexation strategy. We have already provided to our partners and the Treasury Board Secretariat some of our baseline costing information around that.

I would also just like to note that, with the exception of real property, fees have not increased since—2002 was the last increase in the line of those particular services.

Mr. Jagmeet Singh: Okay. I'm going to just translate what you said. One, you have other costs that are coming up and so your fees are higher than the costs you incur because you have other costs that are coming up so you want to charge a bit more so that you can recover those costs—loosely.

Ms. Clare McMillan: No, we don't know. I would say that it would be undetermined that we would be charging more at this point in time. We would need to—

Mr. Jagmeet Singh: No, no. Sorry; let me clarify. I didn't phrase my question properly. I'm going to say that there are two things. One is that the auditor and ServiceOntario see that the fees that are currently charged are

greater than the costs incurred. Your response to that issue was, one—I didn't say this yet but I'll say this: that the costs that the auditor analyzed don't take into account all the costs that you actually incur. Is that one of your responses?

Ms. Clare McMillan: Correct.

Mr. Jagmeet Singh: Okay. And the second response, if I understood you correctly, is that you have other changes that you're going to do and those are going to cost an amount, and so that's why the rates are higher than the actual costs, because there are other expenses that you might incur. Is that what you said? That's what I took from what you said. Say it to me directly, if you want.

Ms. Clare McMillan: What I would say is that we haven't done the full analysis. We have analyzed our costs at a particular level. We've looked at what it costs ServiceOntario, but what we were looking at was a channel strategy so that we could cost each service by channel, whether it's online, whether it's in person or whether it's part of our private network. We were interested in understanding what those figures were.

We looked at the very basic costs of doing those things—the direct and indirect costs that ServiceOntario was incurring. We did not look at the full suite of services that would give us a real answer in terms of whether we were charging the correct amount at this point of time. We need to do further analysis.

We didn't look at modernization. We're building a new business information system. There's a cost to that that we will not actually know until we're able to roll that out, and that requires legislation passing.

1420

Mr. Jagmeet Singh: That's what I thought I said, so I'm going to say it again. One: The Auditor General, you're saying, didn't address all of the costs that you actually incur. Do you agree with that statement or not? The Auditor General is saying that—their statement is right here. I don't know; I'm just trying—the statement says that you're charging more than the cost you're incurring. That's what they're saying.

Ms. Clare McMillan: That is the Auditor General's opinion, correct.

Mr. Jagmeet Singh: Yes, and you're saying, "No, that's not true because our costs are higher than that."

The Vice-Chair (Ms. Lisa MacLeod): Mr. Singh, excuse me for one moment. I think that I'd like to have the auditor clarify what she—

Mr. Jagmeet Singh: Maybe I'm misreading this; I don't know. I'm just reading it right there.

Ms. Bonnie Lysyk: I think what you're referring to is the figure on page 258 of the original report, which deals with the comparison of fees and costs for registration programs at the point of 2012-13. Those are direct and indirect costs associated with the ministry.

What we're talking about here, in terms of additional costs that aren't included in here, are things like cross-ministry programs and broader government initiatives. At the time that this audit was done and those numbers were

used, the concept of including that in this type of analysis wouldn't have been discussed during the audit. It wasn't a component.

I can see the logic that you're bringing to the table now, that it would be something that, going forward, you would look at in order to assess fees going forward. You'd bring into play broader government costs versus the direct costs of operating these services within ServiceOntario. I think that's the clarity around the point.

Mr. Jagmeet Singh: Sure. That makes sense to me.

The same thing I'm getting is—not that the Auditor General does any bad work; the Auditor General does great work—but just there are factors that you're saying were not addressed. Auditor General, you're saying that you didn't consider those factors. Are we on the same page?

Ms. Clare McMillan: Yes.

Ms. Bonnie Lysyk: But they're not relevant.

The Vice-Chair (Ms. Lisa MacLeod): Just one more quick clarification.

Ms. Bonnie Lysyk: I just want to clarify why we wouldn't have considered them at the time: because they weren't considered relevant at the time of the exercise. But now there are a lot more of these cross-government initiatives, I am interpreting here—

Ms. Clare McMillan: Correct; yes.

Ms. Bonnie Lysyk: —that we would now bring into play in determining what the fees should be for these services.

The Vice-Chair (Ms. Lisa MacLeod): You may proceed.

Mr. Jagmeet Singh: Thank you. That makes sense to me.

The second thing is that there are some issues around modernization. The equipment might need to be updated and some other technology might need to be updated. You mentioned legacy machines earlier. Because those need to be updated, that's a cost that's going to potentially be incurred. You're not sure yet but it could be incurred, so that's another issue why the fees seem to be higher but they're not really higher if you factor in this modernization. Is that what you're saying?

Ms. Clare McMillan: Yes.

Mr. Jagmeet Singh: All right. I love yes-or-no answers. I was a criminal defence lawyer for a number of years, and we love the yes/noes. That's what we want. We love the yes/noes.

Ms. Clare McMillan: Yes. I will expand a little bit because I can't help myself. The ONBIS system, for example, which we have built—we have not factored in the cost of that build and what it will take to get that up and running.

Mr. Jagmeet Singh: Sure. That makes sense. I'm satisfied now. I was trying to dig for something, but I think it's okay now. I'm all right with that. That helps me; thank you very much for that.

I'm going to come back to some of the privacy and security questions that I asked earlier, so I guess this is going to be directed more broadly. In terms of the work

that goes on—and this is something that I didn't bring up in my first round of questioning—is there any liaison with the privacy commissioner with respect to the privacy commissioner's guidelines with respect to privacy? Is that something that the ministry does on a regular basis? And as the privacy commissioner updates, is that something that ServiceOntario, broadly speaking, but specifically the ministry then incorporates? And how does that happen? If there's a process, is it a yearly thing, is it a regular thing, or it just happens on an ad hoc basis?

Ms. Clare McMillan: I can actually answer that question.

Mr. Jagmeet Singh: Excellent.

Ms. Clare McMillan: The answer is yes. We have a team of staff. They report into my division and they are accountable for investigating any privacy breaches that we have. We classify those into two different categories which would be minor or low-impact breaches, and then the more high-risk breaches.

A low breach would be a mistake that one of our staff makes. Perhaps it's a mistake on your driver's licence, or something gets cancelled in error, etc. We have a process for dealing with that.

The more significant breaches, and you touched on that in a question a little bit earlier, is where an employee might access information that has nothing to do with their particular job and they shouldn't be accessing that information. We would consider that a high-impact breach. In those situations, we would always be in contact with the privacy commissioner. They are very low: Given that we have 49 million interactions per year at ServiceOntario, last year there were seven of those.

The head of my privacy unit is in constant contact with the privacy commissioner. We have an excellent relationship with them in terms of making sure that the commissioner is aware of everything that is going on and weighs in with their perspective and their advice to us.

The other thing that I would say is that we have agreements with our partner ministries. With the Ministry of Transportation: When it's a product that they have accountability for, we do a monthly report to them on any type of breach, minor or major.

Mr. Jagmeet Singh: Okay. So those—

Ms. Angela Coke: Sorry, and those are done in a proactive way.

Mr. Jagmeet Singh: Yes; that's what I was going to ask.

Ms. Angela Coke: On that side of things, for sure, we're very stringent and make sure that we inform the privacy commissioner as we need to, but in a proactive way in terms of, when we're doing design—

Mr. Jagmeet Singh: That was going to be my next question. You beat me to it.

Ms. Angela Coke: Right. When we're doing design, when we're trying to think through, we'll have to talk a bit more about what David was talking about in terms of single identity and those types of things. Absolutely, we will be consulting with the privacy commissioner to

make sure that we get that expertise and thought in terms of the front end of things.

Ms. Bev Hawton: If I could add?

Mr. Jagmeet Singh: Yes, please.

Ms. Bev Hawton: Any new product or service or any change to a product or service, whether it's a change in our processes, at our retail offices or online, requires a privacy impact analysis. Our head of privacy signs off on all of those. If risks are identified, then the program area or ServiceOntario is required to set out strategies to mitigate each risk.

Mr. Jagmeet Singh: That's great.

Ms. Bev Hawton: It's a very thorough process.

Mr. Jagmeet Singh: So the privacy impact is—

The Vice-Chair (Ms. Lisa MacLeod): You have two minutes.

Mr. Jagmeet Singh: Okay, thank you—during changes. Are there regular independent privacy audits, if I can call them that, throughout the year, done by someone like the privacy commissioner or any other independent agency—an ongoing review of the privacy policy? If not, maybe that's something to consider.

Ms. Helga Iliadis: I'm not aware of any external privacy audits. Again, it's a high-impact item that we assess in our own evaluations. We do have regular access to our privacy experts, the team that Clare mentioned as part of her division, who will come out and do privacy audits, privacy reviews and privacy education. So we do have access to it that way, but it isn't, strictly speaking, external. It's external to our operation, but not to ServiceOntario and the ministry.

Ms. Angela Coke: We also have access to our own ministry audit folks as well. When we do our ministry annual audit plan on a risk basis, if we think there's a need to investigate further any of these issues, they get on our audit plan.

Mr. Jagmeet Singh: Okay. Thank you.

The Vice-Chair (Ms. Lisa MacLeod): All right. I'm going to cut you off there unceremoniously, Mr. Singh. I do apologize.

Mr. Jagmeet Singh: No, no; it's good. That was great. Lots of ceremony was given. Thank you.

The Vice-Chair (Ms. Lisa MacLeod): I thank you all very much.

I'd now like to turn the floor over to my colleagues in the Liberal caucus. We'll start with Mr. Fraser.

Mr. John Fraser: Thank you very much, Madam Chair.

Thank you very much for being here today. As all politics are local, I do want to say one thing: My office is about 500 feet away from a private ServiceOntario office, and we have a very good working relationship.

From time to time, you get some challenges that exist around—I have a mother who's about 60 and has a son with a complex developmental exceptionality for whom she has been caring for 36 years. They're going through the process of getting their health care. So it's not a simple process in a lot of ways, and they've been very

helpful in that regard. I'm just saying thanks publicly for the kind of working relationship that we have.

I do want to talk about recommendation 1.1(b), which relates to the online strategy. I would just like Mr. Ward to elaborate on—or whoever feels best—

Ms. Angela Coke: He's our best guy.

Mr. John Fraser: —to elaborate on what the strategy is, going forward, to increase utilization.

Having said that, one of the things I heard when I was listening to some of the testimony is that most of these services are episodic. Your driver's licence renewal is annual, so it's a predictable line of business. Birth certificates aren't quite as predictable. Driver's licences, over a longer period of time, you can predict them. But from an individual's point of view, you're not going online to figure out how to get your birth certificate; it's just when you've lost your birth certificate or you need it. So there are challenges around how to elevate people's knowledge and utilization of those kinds of different products.

1430

Mr. David Ward: That's a great point.

If I could just start off with your first question, which is to help members understand ServiceOntario's strategic directions: ServiceOntario actually received its first mandate from government in 2006, only 10 years ago, and a lot has been accomplished in that period of time. Prior to 2006, you might imagine having to go to three different offices to get three different products. The upshot of that mandate in 2006 was really to bring services under one counter, one common clerk, one place, to make it easier for customers. Over that time, and in fact in the first couple of years, we went from an organization that registered just over 10 million transactions to one that registered just over 40 million transactions. So the growth rate was tremendous in the first few years.

We've invested in infrastructure. We've invested in call centre technology in order to allow our colleague ministries to tap into either that technology or even our human resource capability, in order to provide an opportunity for more enterprise service. We've created an IT platform that enables us to do things like online driver's licences. We continue to look for transformation opportunities.

Somebody mentioned taking a manual, private security guard in investigations transaction that was run by our colleagues out of the Ministry of Community Safety—take that and completely reinvent that transaction and put it online. It's an incredible story and transformation with incredible success.

Over that period of 10 years, we thought about what it is that we really do well at ServiceOntario and how we can offer that value up to more ministries across the system in order to drive a better customer experience, greater efficiency and so on. At the same time, we took a look at—I think I mentioned this before—jurisdictions across the world that are really good at service delivery, and what we took away from that were five key priorities. One of them is digital first; we've heard lots about that today. The other one was the importance of

customer-centric service design. Another is the importance of effective partnerships—ServiceOntario's business model is designed completely on successful partnerships. A sustainable network: We've heard lots today about the importance of the in-person network across the province. And we heard about organizational excellence—as we move to this new digital place, do we have the right kind of people with the right kind of mindset to deliver tomorrow's service to the public?

Those are things that we're very thoughtful—we have a list of activities under each one of those. You've heard about some of them today. You've heard about our desire to put a health card online, our desire to move more services online—creating better online services so more people will use them. You heard a lot about those strategies. We're really excited about our new mandate, and we're working hard to fulfill some of those priorities that I just talked about.

I am mindful of the time. I don't think I covered the other part of your question, and I don't know if my colleagues might be able to—

Mr. John Fraser: Just in terms of the recommendations around—you have a goal of driving up utilization. Having said that, there was some discussion of costs here. When you look at costs, it's a complex—it's a great thing for convenience for people. When you push this piece up, the other piece comes down. You have multiple cost centres, so you have to do a thorough analysis as you move forward with these kinds of programs to make sure that you know that you're, first of all, recovering costs in a way that works with the progress of your plan.

Back to the question, which was really about your progress on that in terms of driving up—I know we heard 30.9%. What are you doing to drive that up?

Ms. Bev Hawton: We're doing a number of things to promote greater use of the online channel. We do promote it today through online advertising and social media, so people who are going to use the online channel are people who are online. That's why we prefer this particular media for promoting: because it's cheaper and the people are already there, so you have a captive audience.

We are redesigning forms—I mentioned previously about the vehicle licence sticker renewal form—and really taking a look at what we can do to make a form not seem like a summons to come to our office, to really use the form and change the messaging on it to promote online use. We're also redesigning some of our key services, so some that were mentioned in the 2016 budget include the used vehicle information package and our service finder, which is now a service location finder. When we improve that, we'll make it easier for customers to navigate and they'll be able to find a service online before they visit a service centre. We'll be aligning how Ontarians change their addresses on a driver's licence with health cards. That particular service is already online. We do see an opportunity to make it simpler and more customer-friendly and just simplify it to get greater uptake.

Finally, my colleague mentioned that we will be working with our colleagues at the Ministry of Health and Long-Term Care to introduce online renewals of health cards.

Those are some of the particular products and services that we'll be focusing on in the future.

In addition to that, we've introduced a new service design framework that really puts the customer first. Some of the key principles are: Understand what the problem is that you're trying to solve. Put yourself in the shoes of the customer and take a look at the customer experience end to end. Look across boundaries so that when you're designing a service, in particular an online service, you're not just solving part of the problem; you're solving the entire problem. Keep it simple. Again, think from a customer's perspective. Iterate to make it better. It doesn't need to be perfect the first time. Use prototyping and involve customers in user experience design. Learn from that and keep it agile to continuously improve it.

I think one of my colleagues mentioned making the channels work together. As we're promoting digital first, we understand that not everyone wants to be online. Let's see what we can do with the telephone channel and turn that into what we call a digital assist, so individuals who want some assistance can get that assistance and still talk to a human.

Those are some of the approaches that we're using right now and some of the products and services that we'll be focusing on in the future.

Mr. John Fraser: I'm glad to hear two things about making the forms more informative in terms of driving people online. It does look incredibly like a summons when you get it: You open it up and there are all these numbers, and it's got that same print when you do get a summons—not that I've ever gotten one.

But I think that will be a big transformation. It's also good to hear. From my perspective, one of the things, when we've had some discussions around this, is that there are three different channels. There are three different service—and that's something that has to be analyzed because people still want to come in. Now, it may decrease over a period of time. I don't know if it will ever be eliminated. So how you treat those three levels of business, that's your business model. You have to make sure that they all continue to function and are equally supported and balanced.

1440

Ms. Bev Hawton: Yes.

The Vice-Chair (Ms. Lisa MacLeod): Further questions? Mr. Rinaldi?

Mr. Lou Rinaldi: First of all, thank you for being here today. You're so well prepared—probably one of the best-prepared deputants we've ever had in the year and a half I've been here. Congratulations.

I have, I think, five ServiceOntario offices in my riding. I have a ministry-run one in Cobourg, I have a couple of chamber-driven ones, and I believe I have two

private ones. Frankly, they're all doing a fantastic job. It has been a big change from the past. I shared a ministry-run one when I first got elected in 2003, at the same location, in the same office building, and we did have some challenges. The staff are pretty pleased with the changes.

Back to the online services: I'm wearing a bit of a rural hat and a rural lens. As I said this morning to the auditor's staff, I'm so happy that only six months ago I got about half of high-speed service where I live—half; not what I have here. There are a lot of parts of northern and rural Ontario that only have cell service. So I would just encourage you to keep that in mind as we move to the online services. I'm very fortunate that I have an eight-year-old grandson who can help me with those things. Not everybody, especially of our age—I'd just make that comment; I don't need an answer. Just keep that in mind: that the face-to-face or telephone is important.

The question—and you touched on it a little bit—of the conversion from the red-and-white card to the photo card: I know that people have been getting letters at home. Here's where I think it's important that we change it to a photo card, although I wasn't happy when it happened, because I had my taped one in my wallet for years. Just about a month ago, my youngest son, who hasn't lived at home for about 14 or 15 years now—I got his renewal notice at my former address, not even where I live now. He probably got this health card earlier on in his school days. So I think it's important from a security standpoint that we get that done. How would we ever find where my son is if there was something within that—because there were three different locations that we missed, to where he is now. I know the minister made some comments the other day about how we want to have an end goal to this, but are we going to get there?

The Vice-Chair (Ms. Lisa MacLeod): You have about two minutes.

Ms. Bev Hawton: Absolutely, we're going to get there. ServiceOntario has significantly increased its efforts to convert to the more secure photo card. In the last fiscal year, more than 360,000 red-and-white card conversions were completed. In this fiscal year to date—so, as of the end of January, over 10 months—there have been nearly 800,000 cards converted. As of the end of January 2016, only 1.6 million red-and-white cards remain in circulation, compared to 3.2 million in March 2013. So, as our deputy said earlier, more than nine out of 10 people now have the more secure photo card. We're absolutely pleased with this progress, and we're well on our way to converting all of the red-and-white cards to photo health cards by 2018.

The other thing I would like to mention, because you brought it up, is that it's really important for people to keep their address up to date. One of the things that we're doing at ServiceOntario is encouraging cardholders to make sure their address is up to date so that they actually receive the conversion letter. We send the letter to the

last official address that we have on our health database record, not the address that the doctor has.

The other thing I'll mention is that switching the card is free, and it can be done at any ServiceOntario location across Ontario, almost 300 locations. You can go when it's convenient for you, such as when you're there to do another transaction, like renewing your driver's licence.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much for your time.

Deputy, I would like to say thank you to you and your entire delegation for a very well prepared briefing and your generosity in extending some very good answers to my colleagues.

We are about to go into closed session, so we will recess for a few minutes as the room clears. Thank you.

The committee recessed at 1445 and continued in closed session at 1452.

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Staff / Personnel

Mr. Ben Elling, research officer,
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Wednesday 23 March 2016

Mercredi 23 mars 2016

The committee met at 1230 in room 151, following a closed session.

The Vice-Chair (Ms. Lisa MacLeod): Welcome, everyone. It's great to start the committee this afternoon.

Before we get started with our deputants, I have been told that Mr. Yakabuski has a motion he would like to file with the committee. Would you like to read it?

Mr. John Yakabuski: Do I read it or just present it to the Clerk?

The Clerk of the Committee (Ms. Valerie Quioc Lim): I can handle that, Mr. Yakabuski.

Mr. John Yakabuski: I only have the one copy at this point.

The Clerk of the Committee (Ms. Valerie Quioc Lim): I'll make copies.

The Vice-Chair (Ms. Lisa MacLeod): Okay, so we will make copies. It is now filed, so we'll move on.

2015 ANNUAL REPORT,
AUDITOR GENERAL
MINISTRY OF ENERGY
HYDRO ONE
ONTARIO ENERGY BOARD

Consideration of section 3.06, Hydro One—management of electricity transmission and distribution assets.

The Vice-Chair (Ms. Lisa MacLeod): The Standing Committee on Public Accounts will now come to order. We are here to consider Hydro One—management of electricity transmission and distribution assets, section 3.06 of the 2015 annual report of the Office of the Auditor General of Ontario.

Our deputants have 20 minutes collectively to make a presentation to the committee. After that, each party, beginning with the New Democrats, has two rounds for questions of about 20 minutes each. As I said, the rotation will start with the third party.

I would now ask our deputants to introduce themselves and give them up to 20 minutes in order for them to provide their information. Thank you.

Mr. Serge Imbrogno: Good afternoon. My name is Serge Imbrogno, deputy minister, Ministry of Energy.

Ms. Rosemarie Leclair: Rosemarie Leclair, chair of the Ontario Energy Board.

Mr. Mayo Schmidt: Mayo Schmidt, chief executive officer and president, Hydro One.

Mr. Mike Penstone: Mike Penstone, vice-president of planning, Hydro One.

Mr. Serge Imbrogno: I want to thank all the standing committee members who are here today. It's my pleasure to be here and to discuss Hydro One's management of electricity, transmission and distribution assets, specifically section 3.06 from the Auditor General's 2015 annual report. I look forward to our discussion over the next few hours.

As the minister said on the day of its release, the government welcomes and accepts the Auditor General's report, including its chapter dedicated to Hydro One. As you have likely noticed, many of the recommendations to Hydro One were of an operational nature, such as the auditor's look at the company's preventative maintenance policies, vegetation management program, asset analytics, maintenance expenditures, management of equipment inventory levels, and management of capital projects.

Any questions you have about these recommendations are best addressed by the representatives from Hydro One who have joined us today. We're confident that the entire Hydro One leadership team—not just those in the room today—has the skills and motivation to address your questions, concerns and recommendations to improve operations and customer service.

Last year, the government acted on the advice of the Premier's Advisory Council on Government Assets and completed an initial public offering of approximately 15% of the province's shares of Hydro One. The government plans to continue the subsequent share sales in the future, ultimately selling down to approximately 40% ownership.

The government has put in place protections that have enabled the Ontario government to remain the largest shareholder after the IPO and, by law, require that no other shareholder be allowed to hold more than 10% of the voting shares. The province is also prohibited by law from taking action to reduce its ownership below 40% of the voting securities of the company.

Hydro One now operates as a publicly held company, which means that the government's relationship to Hydro has changed to that of an investor. Of course, Hydro One falls under the same Ontario Energy Board oversight as all other transmitters and distributors across the province.

In addition, the province has required by law that Hydro One create a new dedicated ombudsman office,

similar to those found at other public companies. Hydro One appointed Fiona Crean as its ombudsman, and the office launched on March 14. She reports directly to the board of directors and has the independence and resources necessary to fulfill her mandate.

Just as with Toronto Hydro or Enbridge, we'll continue to encourage Hydro One to achieve continuous improvements that benefit customers. In the broader scope, the ministry expects that all local distribution companies will continuously work to improve their efficiency and service standards. We'll continue to rely on the Ontario Energy Board as the best body for overseeing all of the province's energy utilities, whether they are municipally owned or shareholder-owned companies.

To give you some background on the OEB's roles and responsibilities, the Ontario Energy Board Act provides the board with a robust set of powers to oversee and regulate the electricity sector, including setting just and reasonable rates; enforcing its oversight powers through an ability to impose penalties for non-compliance; licensing market participants and imposing licence conditions; and making rules through codes and guidelines that govern the conduct of market participants. These rules are considered conditions of licence that must be followed.

On December 3, 2015, the Strengthening Consumer Protection and Electricity Oversight Act, 2015, received royal assent. This legislation amends the Ontario Energy Board Act, 1998, and the Energy Consumer Protection Act, 2010. Amendments to the OEBA came into force on March 4, 2016. This legislation will enhance the role of the OEB to ensure that it continues to have a robust set of tools to protect consumers and regulate the energy sector. Changes include providing the OEB with stronger compliance and enforcement authority; creating further opportunities to enhance consumer representation at OEB hearings; enhancing the OEB's ability to ensure continuity of service; enhancing the OEB's oversight of utility transactions; and increasing the OEB's flexibility to determine the types of business activities that an LDC can engage in. These recent legislative amendments have further enhanced the OEB's regulatory oversight over the transmission and distribution sectors in Ontario.

With that, I'd like to turn it over to Rosemarie Leclair to talk a bit about the OEB and its role.

Ms. Rosemarie Leclair: Thank you, Deputy. I want to thank the committee, as well, for inviting us to attend today.

As the deputy has said, the audit that we're here to talk about today is largely an operational audit. While the OEB is not directly the subject of the report being discussed, the Auditor General has recognized in her report the important oversight role that the OEB plays with respect to regulated utilities like Hydro One.

As an independent public agency—independent, much like the Auditor General—the OEB's primary objective is to protect the interests of Ontario energy consumers with respect to price, quality and reliability of service. We have a long history of doing just that.

The OEB, as the deputy has mentioned, has broad oversight responsibilities that are set out in our legislation. We license all market participants, we establish standards and codes of service, we approve major infrastructure investments, and we approve the revenue requirements for 73 distribution and five transmission companies, among others, to help them serve 4.8 million energy customers in Ontario.

We fulfill our mandate in a way that, as best we can, aligns consumer and utility interests and considers the broader public interest, while attempting to maintain a financially viable, sustainable and efficient sector. As part of our regime, the OEB uses open, transparent and thorough processes to hold all utilities, including Hydro One, accountable for prudently managing their resources and improving services to their customers. We apply the same standards, regardless of the size of the utility and the ownership structure, to all of the entities we regulate.

Like the Auditor General, we also place a high priority on delivering value to electricity customers. In 2012, the OEB developed what we call our renewed regulatory framework for electricity. Under that framework, we require much more rigorous asset management and effective capital planning, in support of more cost-efficient operations. We use industry benchmarking to ensure that utilities improve their performance, and we encourage continuous improvement to increase the productivity of utility operations. The framework also requires utilities to engage with their customers to better understand—and, more importantly, better respond to—their needs and their preferences.

The goal of our renewed framework is quite simple: It's to focus utilities on delivering outcomes that are valued by their customers. By requiring ongoing reporting against performance metrics such as cost and reliability, and making that information publicly available, customers can assess for themselves whether they are receiving value from their utility.

Electricity distributors like Hydro One were the first to follow this framework. Earlier this year, we extended the framework's application to transmitters as well. The OEB's expectations, as outlined in our renewed regulatory framework, are very much aligned with many of the observations in the Auditor General's report.

Hydro One distribution filed its first application under the renewed framework in 2013. During the OEB's review, we identified many of the same concerns that the Auditor General noted. In our decision, we took steps to ensure that Hydro One addresses these shortcomings, many of which intersect very directly with the recommendations found in the Auditor General's report.

We're requiring Hydro One to conduct external benchmarking on pole replacement and refurbishment plans, to consider external reviews on distribution system planning, to undertake a total factor productivity study, and to explore best practices in vegetation management. The OEB will be considering all of this information when Hydro One next files its distribution application in 2017.

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A similar focus is being placed on Hydro One's transmission business. As part of its 2014 rate application, Hydro One is required to benchmark its cost performance against similar North American companies. This study will be considered during the next rate application, expected this spring.

This application will be Hydro One's first under the RRFE for transmitters. The OEB is expecting to see strong, evidence-based planning, including robust asset management and appropriate pacing and prioritization of system investments. Hydro One will also be required to consult with its customers and to propose metrics, such as cost and reliability, among others, to be used to measure its ongoing performance.

As demonstrated in these recent Hydro One decisions, the OEB is committed to ensuring that owners and operators of electricity networks in Ontario provide reliable, cost-effective services that represent good value to their customers. The recommendations made by the Auditor General in this report are useful in further supporting our efforts to hold utilities, including Hydro One, to a high standard of efficiency and effectiveness. The OEB will consider the Auditor General's findings as well as our own in future Hydro One proceedings.

I want to thank you again for the opportunity and I look forward to answering any questions you might have. I'll turn it over to Mr. Schmidt.

Mr. Mayo Schmidt: Thank you. Good afternoon to the Chair, committee members, Auditor General Bonnie Lysyk and guests. On behalf of Hydro One, I'd like to thank you for the opportunity to comment on the Auditor General's report on Hydro One's management of electricity transmission and distribution assets. Sitting next to me is Mike Penstone, Hydro One's vice-president of planning.

Our transmission operations represent 96% of the province's transmission networks, comprise approximately 29,000 circuit kilometres of high-voltage lines, towers, transformers and are the backbone of Ontario's electricity system. Hydro One's electricity distribution system covers approximately 75% of the province, with approximately 123,000 circuit kilometres of low-voltage power lines and transformers, serving more than 1.3 million customers across Ontario in rural and urban centres. Looking at it another way, we have more poles than we have customers.

Our transmission system is linked to five jurisdictions adjacent to Ontario—Manitoba, Minnesota, Michigan, New York and Quebec—through high-voltage interconnections. It's part of North America's eastern interconnection.

Hydro One is one of the largest transmission utilities in North America, with a service territory that covers more than 640,000 kilometres—a geography twice the size of France, with a fair bit more of unforgiving terrain and weather. It's our job to plan, operate, build and maintain affordable, robust and flexible distribution and transmission systems that serve Ontario's needs and meet our obligations as part of the North American grid.

We manage \$12 billion in assets and operate a mammoth and complex system made up of millions of parts, be they towers, wires, breakers and transformers or protection, control and telecommunications equipment. We're not just operators; we're asset managers charged with the planning, refurbishment and replacement of these assets so that reliability is maintained and costs are managed.

Most people in this province recognize our highly visible field staff, the men and women in orange who must brave brutal weather and challenging operating conditions to build, maintain and repair the system. Today, I'd also like to illustrate the work of the people you don't see: our engineers.

Hydro One is very fortunate to have a team of highly skilled and dedicated engineers, educated in the finest schools here in Canada and around the world. Our teams are admired throughout the industry. The iron ring that they wear is a symbol of professional duty, ethics and obligation by our Canadian engineers. They wear it with pride and a sense of commitment to creating a better, safer and more reliable electricity system.

In essence, the work they do every day is about creating value by ensuring the investment plan considers and reflects the needs and preference of our customers; making prudent, cost-effective short- and long-term investments in the system; addressing emerging risk in our system and always looking for ways to extend the life of existing assets; and adapting new and proven technologies to contribute to our efficiency and improving service.

When the Auditor General's staff came to see us last year, they did so with a very clear objective: to assess whether Hydro One had adequate systems and procedures in place to manage and maintain its transmission and distribution assets effectively. Although this audit was conducted prior to my arrival at Hydro One, I know that the Auditor General's staff had our full co-operation and unfettered access to our people, systems and operations. We made sure that they got out to our field operations and facilities, developing a true appreciation—which can't be developed from a desk, of course, in Toronto.

The culmination of their efforts resulted in recommendations concerning system reliability, investment priorities, strategies and practices, the need for better data, and benchmarking.

I would like now to provide Hydro One's perspective on some of these recommendations and, more importantly, talk about the actions that have been completed or are under way since the report was issued.

I must start with reliability. As stewards of this massive and complex electricity system, we know that the homes, schools and businesses of Ontario rely on us to provide safe and reliable power. It must be there all day and all night, every day, at the flick of a switch, to power an assembly line at the local manufacturing plant, to light up a hockey rink on a cold winter morning or illuminate an operating table at a local hospital.

The level of reliability experienced by Ontario customers and consumers doesn't just happen. It requires us

to make the right investment at the right place at the right time. We do believe our investment strategy has been working. In fact, over the last several years, I note that Hydro One's transmission reliability was relatively consistent, even though we are managing assets that continued to age.

On our distribution network, we have maintained historical reliability levels, but recognize there's an opportunity to do better, particularly for those large distribution customers that are vital to the economic health of many communities across the province.

When considering history, the electricity system was built over successive generations, powering needs that arose from various economic conditions and different stages of rural and urban growth resulting from booms in our population. However, the system is aging, and with aging comes reliability risk.

Our engineers are constantly monitoring the entire system so that we can replace system components before they fail. Like the parts of your car, they don't all fail at the same time and in the same way, and like your car, we want to replace them when we know we've maximized the component's useful life. We also strive to replace assets in a managed fashion, to avoid a bow wave, all at once, of replacements that cannot be accomplished in a timely manner.

So what are we going to do to manage risk and reliability? These things:

- managing asset performance by replacing equipment not just because it's old but considering its specific condition;

- using data-driven risk analysis to determine why and when we should replace and maintain an asset;

- continually assessing maintenance programs and capital expenditures, to make sure we are making the right investments at the right place at the right time;

- executing our programs efficiently; and

- prioritizing our work keeping our lines, poles and towers clear of brush and trees, to maximize reliability.

As I noted earlier in my remarks, the Auditor General's report provided commentary and recommendations concerning our approach to asset management. I'd like now to talk about improvements that we've made since the report was issued and consistent with the report communications and recommendations.

We have taken actions on a number of fronts. On how we've made those decisions, the company has taken steps to improve the quality and quantity of data combined in our asset analytics system. Hydro One has recently established a new asset risk model to enhance decision-making with respect to planning, prioritizing and pacing asset maintenance and replacements.

On distribution, the organization has commenced, and will complete this year, three benchmarking studies and an independent review of our distribution system plan. We're in the process of identifying and prioritizing the most cost-effective opportunities to drive reliability improvements across our distribution system. We will also conduct an assessment of our past maintenance expenditures and activities.

Furthermore, we're actively evaluating opportunities to be more efficient in the field, initiatives that would improve response times for trouble calls, adopt best-in-practice operations and maintenance practices, and improve the overall experience for our customers.

The company is implementing initiatives to address our large customers' power quality issues more proactively, in co-operation and collaboration with our customers.

In the last transmission rate application, Hydro One committed to the OEB to benchmarking its transmission total cost performance, including capital construction projects, relative to like companies. This benchmarking study is being finalized as we speak.

These are just a few initiatives under way.

I'd like now to speak to an issue that, while not overtly covered in the AG report, is front and centre in many people's minds.

As you know, the province of Ontario took steps last year to broaden Hydro One's ownership. Some might suggest that a privatized Hydro One puts the interests of investors ahead of the interests of our customers.

Our core belief is that when our customers are happy, so are our investors. We further believe that customers' and investors' interests are aligned and mutually beneficial. Therefore, we have improved the quality of our call centres, through improved training, staffing and performance management. We're now experiencing 90% satisfaction at the call centre, which is a 13% improvement—

The Vice-Chair (Ms. Lisa MacLeod): You have about a minute and a half.

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Mr. Mayo Schmidt: Sorry?

The Vice-Chair (Ms. Lisa MacLeod): You have a minute and a half.

Mr. Mayo Schmidt: All right. Thank you. Our billing system has never been better, and we've launched new service-level guarantees for appointments.

As a debt issuer, Hydro One is held to the highest standard conducted by securities regulators north and south of the border. We have a new, independent board of directors, and a new ombudsman, Fiona Crean, has come to ensure unsolved customer issues are appropriately addressed.

We're regulated by the OEB, the IESO and also the securities commission. In fact, many activities and initiatives for improvement are under way as a direct result of the OEB and the regulatory process.

We're engaged today in a province-wide consultation with our customers. Personally, I've been attending the conferences and find them to be dynamic and constructive.

As I spoke earlier, managing Hydro One's massive and complex transmission and distribution system takes a lot of expertise as well with our engineering system. We're transforming from a government crown agency to a public company known for its outstanding customer service and system reliability.

We appreciate this opportunity and confirm the steps we've taken since the audit was conducted. Thank you very much.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much. I appreciate that. We will now go to the NDP to start their line of questioning. I will, however, remind any deputants who aren't at the table and haven't introduced themselves to, if you are to come to the table, just introduce yourself on the microphone.

Mr. Tabuns:

Mr. Peter Tabuns: Thank you, Chair. My first question is for Mr. Imbrogno. Mr. Imbrogno, the Auditor General in her report noted that Hydro One's customers "have a power system for which reliability is worsening while costs are increasing." And on the prospectus that was signed by your minister in October, it was stated that "Hydro One's current leadership has demonstrated the capability to execute Hydro One's strategic plan and drive performance improvements and shareholder returns."

So what you are telling the investors through the prospectus was that we have a strategic plan that's improving things; the Auditor General finds that in fact they're deteriorating. Why is the prospectus not reflective of reality?

Mr. Serge Imbrogno: In the prospectus, Hydro One acknowledged the auditor's report and said that they would be acting on the report. I think Hydro One, as the OEB has said, was already aware of a number of the issues that the auditor raised in her report, and the OEB was taking steps to ensure that Hydro One would move forward on those actions. I think Mayo Schmidt just talked about benchmarking and so on. So I think the changes were already in place through the prospectus and the company was moving forward with making the changes, both to address the auditor and also to address the OEB.

Mr. Peter Tabuns: But the leadership had demonstrated they didn't have the capability to actually deliver system improvements. The system deteriorated from 2010 to 2014, yet you were telling investors that frankly they could execute a "strategic plan and drive performance improvements." That wasn't happening. We were getting performance deterioration. Why were you stating that this group had the ability to drive improvements when in fact things were coming apart?

Mr. Serge Imbrogno: Well, part of the broadening of the ownership of Hydro One was changing senior management at Hydro One. It was also introducing a new board. Those were changes that were being made as part of the broadening of ownership, so those changes were in place as part of the prospectus.

Mr. Peter Tabuns: And they've been in place for a few months, so they didn't have a long track record of delivering the goods, did they?

Mr. Serge Imbrogno: Well, I think the company itself had a track record of delivering. I think there are always improvements that could be made—

Mr. Peter Tabuns: No, just a second. We look at the Auditor General's report. From 2010 to 2014, costs

increased and reliability deteriorated. I take that as an indicator that things weren't getting better.

Mr. Serge Imbrogno: If you look at the auditor's report—and the auditor is here—I think there were different benchmarks used. I think Hydro One compared well to other Canadian utilities and when you compared Hydro One to some US utilities. I think, depending on your comparison—

Mr. Peter Tabuns: I'm comparing Hydro One to itself, and the fact that its performance deteriorated. Was there a strategic plan to drive up costs and have deteriorating performance?

Mr. Serge Imbrogno: I think Hydro One always had the desire to do the best that it could. I think it always tried to respond to directions from the OEB as well. Those things sometimes take time. I think those changes were in place and with the broadening of ownership and the change in management and the new board, there was a renewed focus on customer service. Mayo can talk about what they are doing to change the culture of the company.

Mr. Peter Tabuns: I'll go on to another question, but I will note that in the prospectus, you were telling investors that there was a team that was driving a strategic plan where things were getting better, and for the past four years, they've been deteriorating. I think there's a substantial gap between what you were claiming in the prospectus and what the Auditor General found when she actually went to look at the corporation.

I'm going to go to another point. On page 43 of your prospectus, you talk about the assets analytics tool. The Auditor General notes, in fact, that there were substantial problems with that assets analytics tool: that it wasn't accurately considering all factors related to asset replacement decisions. Why were you lauding a system that, in fact, was substantially flawed?

Mr. Serge Imbrogno: Do you want me to answer that or—

Mr. Peter Tabuns: Yes, I do, because—

Mr. Serge Imbrogno: I'm not an expert in the assets analytics tool. I would suggest maybe picking up the phone book—

Mr. Peter Tabuns: No, just a second: It was your team that put together the prospectus. It was Mr. Chiarelli who signed that document that went out and said, "Things are great here, and we have this assets analytics system that is really good, really accurate." The Auditor General takes a look and finds that in fact, it isn't taking into account what's going on in the field.

Mr. Serge Imbrogno: The prospectus was signed by the province and Hydro One. I think a lot of the details on the technical part of it would have been Hydro One expertise, so I would suggest maybe Mike Penstone could address that specific question.

Mr. Peter Tabuns: Didn't the minister actually probe at the time that he signed this document, signed October 29, 2015, signed Bob Chiarelli, page C-3 of the prospectus?

Mr. Serge Imbrogno: There would have been full disclosure by Hydro One in that prospectus.

Mr. Peter Tabuns: And did they fully disclose their problems with their assets analytics system?

Mr. Serge Imbrogno: I suggest that we let Hydro One answer that question.

Mr. Peter Tabuns: But in the end, and with no disrespect to Hydro One, we can't issue directives to you guys anymore. You're spun off. You have an independent board of directors. The Ministry of Energy historically signed off on a document saying, "Things are improving and we have an analytics system that will give us the straight goods on what's going on inside." You didn't know what you were signing off on at the time? Your minister didn't know?

Mr. Serge Imbrogno: There was full disclosure in the prospectus. Hydro One also signed off on the prospectus. I don't think there is anything in that prospectus that is inconsistent, and if we can let Hydro One answer the detailed question—

Mr. Peter Tabuns: I think there's a pretty sharp difference between what the Auditor General found and what you've put in that prospectus, frankly.

Mr. Serge Imbrogno: No, I think the OEB had already raised a number of the issues that the auditor raised, so I think there was full disclosure. All the OEB hearings are public. All the OEB findings are public. I don't think there was anything that wasn't in the public domain that either wasn't revealed in the prospectus or wasn't revealed in the OEB deliberations.

Mr. Peter Tabuns: Well, I think I'll go to the Ontario Energy Board, then. Ms. Leclair, thank you for being here today.

I noticed that the applications for rate increases were tied to assets that were in bad shape but weren't replaced after rate increases were given; that in fact, your board allowed a rate increase to go forward. Transformers that were in bad shape weren't repaired and they were brought back again for a rate increase in the following period.

Does the OEB actually check to see if the documentation that's filed is factually accurate? Do you audit? Are you stringent?

Ms. Rosemarie Leclair: The OEB is not an auditor. Having said that, we do adjudicate the applications. There is a thorough process for doing that. The OEB has filing guidelines. The company is required to meet those filing guidelines and file its information. That information is tested through, again, an adjudicative process, meaning that OEB staff, our parties to the process, question the documentation, question the performance and all sorts of issues through an interrogatory process. We have consumer groups, interveners and others who test that information.

That's our process for reviewing it. As I say, we believe it's a thorough process.

Perhaps on the issue of approving the funds and then replacement, the OEB doesn't approve specific projects. What the OEB does is approve a certain revenue requirement that allows the company to undertake the work that it needs to undertake and sets the rates that allow it to do

that. So the information that we get in terms of the capital programs that they have is reviewed based on historical context as well on a go-forward context for reasonableness, so that we can ensure that the amount of dollars that are provided to the company to do the work are appropriate.

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The OEB recognizes that, when you're operating a company, things change, and so that's one of the reasons why, particularly on the operational programs, the information is indicative of the nature of the programs and the scope of the work that's going to be undertaken rather than the specific elements.

Mr. Peter Tabuns: The Auditor General wrote, "We found Hydro One was not replacing assets it determined were in very poor condition and at very high risk of failing, and it used these assets in successive rate applications to the Ontario Energy Board to justify and receive rate increases." That's page 248.

If, in fact, Hydro One was coming forward to you, telling you that they had transformers that were failing, that had to be replaced, and didn't replace them, and then came back again and said, "We have these transformers that are failing," why is it that you're not picking up that there is a game going on here?

Ms. Rosemarie Leclair: As I said, the process for the OEB is an adjudicative one. The applicant files its information. It has a pole replacement program. It has a transformer replacement program. It will indicate that it has X number of assets and a percentage of those have to be replaced on an ongoing basis in order to meet the life-cycle standards. We look at that. We look at whether there is a reasonableness of that, whether the costs are reasonable, and we approve funding to allow them to deliver that program. We are not looking at a specific asset.

Again, I think Mr. Schmidt would be more appropriately versed in terms of the operational realities, but for the operational realities that are recognized, sometimes, for greater efficiency, it makes more sense to do a particular asset replacement in advance of another because other work is being done. Sometimes you're on an emergency issue, and it makes sense. So there are operational considerations that go into that. The application that we get is a point in time based on a forward-looking about what's anticipated, based on the information that the company has and that's filed with the board.

Mr. Peter Tabuns: Do other regulators check more thoroughly than you as to the veracity of the information that's provided to those regulators?

Ms. Rosemarie Leclair: I can't speak to other regulators' practices. The practices of the OEB are outlined in our legislative framework. We have an adjudicative process. Other regulators have a different process that may allow them to do a different type of review. What I can say is that our processes are efficient, they're transparent, they're thorough, but they are very much dependent on the adjudicative process, which relies on the application that's filed before us.

Recognizing that it is in operation, what we are trying to do is set just and reasonable rates and allow the management of the company to be undertaken by the management of the company. We are not going to replace our judgment for theirs. What we're looking at is the pool of dollars required to do the work that the company says is required to do. That is tested by OEB staff and it's tested by an extensive intervenor community. I can say that in all of the most recent Hydro One applications, there has been significant participation by consumer representations, as well as other delegations—in the neighbourhood of eight to 10. So it's been thoroughly tested through the process that we have.

Mr. Peter Tabuns: Another question: The Hydro One sale came after your last rate-setting decision. If you'll remember—and Mr. Imbrogno can speak to this because I had a chance to question him in estimates—this government gave a very substantial chunk of money to Hydro One to pay off tax debts. You issued rate increases of 19% over three years, a little over 6% a year.

I know that when we were discussing this in estimates, there were real questions about whether or not the OEB would allow the investors to keep that windfall. Will the OEB be questioning that tax gift windfall in future rate hearings? Will the customers be protected or will the investors be protected when it comes to that money?

The Vice-Chair (Ms. Lisa MacLeod): Just before you answer, I want to remind all members that we have a very precise report in front of us and that we want to stick to the contents in that.

Mr. Peter Tabuns: Thank you, Chair.

The Vice-Chair (Ms. Lisa MacLeod): You're welcome.

Interjection.

Mr. Peter Tabuns: That isn't the ruling that I heard.

The Vice-Chair (Ms. Lisa MacLeod): No, it wasn't a ruling; it was just a reminder.

Mr. Peter Tabuns: No, I could range much further. I'm just going to Hydro One, its prices and what's allowed and what's not allowed.

Ms. Rosemarie Leclair: Since I actually don't do the individual review—I could give you an answer, but I want to make sure it's the right answer—I'm going to call on our VP of applications, Lynne Anderson, to join us and talk about the detailed process.

Mr. Peter Tabuns: That would be fine.

Ms. Lynne Anderson: Thanks.

When we look at a rate application, we look at all the costs that go into the revenues that are required.

The Vice-Chair (Ms. Lisa MacLeod): Excuse me. Could you—

Ms. Lynne Anderson: Oh, I'm sorry. Lynne Anderson with the Ontario Energy Board.

We do look at all aspects of costs. One of those aspects is the taxes that are paid, so when we're setting rates, we will definitely be looking at what the appropriate tax allowance will be going forward. This would be a factor that would be in that assessment.

Mr. Peter Tabuns: Okay. The fact that this rate was given after you set the last round of rates: Would that mean that it would be possible, when the next rate-setting period comes forward, that consideration can be given to that gift that was given to the corporation?

Ms. Lynne Anderson: When we look at an application, we're looking at it going forward, so we will be looking at what the appropriate tax allowance would be going forward from the time that they file the application.

Mr. Peter Tabuns: So if they've essentially consumed all the asset, the gift that was given by the province of Ontario, by the next time they apply, then you wouldn't be looking back at that. Is that correct?

Ms. Lynne Anderson: Well, obviously, taxes are quite a complicated matter. What we do look at in setting the rates is, again, the appropriate tax allowance that should be going into the rates going forward. We don't look back at rates from the past. The only thing that we do track is if there is a material change in a tax rate during that period. Then we would look at truing up for that.

The Vice-Chair (Ms. Lisa MacLeod): Just to remind members, this isn't about the Hydro One sale; this is a very focused chapter. Just as a reminder.

Mr. Peter Tabuns: Thank you.

Mrs. Laura Albanese: There is a detailed review of taxes, certainly, in each rate application.

Mr. Peter Tabuns: So, in fact, if the tax benefit applied to these past three years, the three years that the rates have already been set for isn't something you'll be considering in the next round.

Ms. Lynne Anderson: I guess it's very difficult to say because we haven't seen any of this information come before us. Once the information comes before us on the setting of rates in the future period, we'll look at all those details and determine the just and reasonable rates to set for taxes in rates going forward.

Mr. Peter Tabuns: Okay. While you're here, and this is relating back to the audit, there has been a significant cost identified arising from excessive inventory storage of transformers, somewhere in the range of \$50 million to \$70 million arising from poor inventory management. Will the OEB be disallowing that expense? Frankly, why should customers be paying for this? Why shouldn't the investors be taking a hit on it?

Ms. Rosemarie Leclair: Ms. Anderson can respond.

Ms. Lynne Anderson: Inventory, unless it's considered particularly a spare part—there are meters and transformers that can go into the rate base on which rates are set, but most inventory actually does not go into the rates. It's not a cost that is factored into the rates that we set unless it is considered a spare meter or a spare transformer. Then it would go into the rate base on which we set rates. So certainly inventory is looked at from the perspective of what goes into setting rates, yes.

Mr. Peter Tabuns: The Auditor General has found that we have excessive inventory here and so people are paying more than they would otherwise pay because there is too much inventory. Will that be taken into

account and will customers be protected, as opposed to investors?

Ms. Lynne Anderson: Again, we certainly look at the amount that would be going into the setting of rates. If there are other such portions of inventory that are not factored into setting rates, then it would not be in our consideration. It's really setting just and reasonable rates, what's going into the calculation of those rates. So, yes, that would definitely be scrutinized.

Mr. Peter Tabuns: One of the concerns raised by the Auditor General, on page 251, was weak management oversight on capital project costs, the fact that it was, I think, up to 28% that was allowed in terms of a margin for overruns. That seems an awfully big chunk of overrun. Is this something that the Ontario Energy Board will be looking at to protect the interests of customers on a go-forward basis?

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Ms. Lynne Anderson: Certainly, because it would be part of the cost of the various projects that are put before us, and contingencies would be part of those costs. We do a comprehensive, robust analysis of costs that go into what we call the rate base on which they earn their return.

Mr. Peter Tabuns: Okay. Thank you.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much. We'll now move to the Liberals and to Mr. Delaney.

Mr. Bob Delaney: Good afternoon, everyone. While I'm familiar from reading the background of Mr. Schmidt, I'd just like to say as an intro to this that I used to get back and forth to Saskatchewan fairly often earlier in my career, and I always enjoyed the business climate that I dealt with out in Saskatchewan. While I've read some of the work that you've done with Viterro, which I believe succeeded the Saskatchewan Wheat Pool, would you begin by talking about how some of the challenges that you faced with the Saskatchewan Wheat Pool—which struck me as ones that were not merely germane, but very parallel to the ones that Hydro One faces—have prepared you for the challenge that you face here at Hydro One, and what type of thinking that's led to in the type of management team that you've surrounded yourself with?

The Vice-Chair (Ms. Lisa MacLeod): Just a reminder, Mr. Delaney, that we do have a very precise document in front of us which pertains to the audit of Hydro One, so I'd like you to stick to the topic.

Mr. Bob Delaney: I understand. This is a part of leading into that. I think some—

The Vice-Chair (Ms. Lisa MacLeod): If we could stick to the audit. Thank you.

Mr. Bob Delaney: Thank you, but I think my question does relate to that, and I think it indicates where I'm going with some of the questions to Hydro One.

The Vice-Chair (Ms. Lisa MacLeod): Please stick to the audit.

Mr. Bob Delaney: Okay. Again, to Mr. Schmidt, in some of your opening remarks, you talked about the

strengthened governance through the board of directors, through some of the pressures that the market faces, and you mentioned the new Hydro One ombudsman. Would you perhaps elaborate on that?

Mr. Mayo Schmidt: Sure, I'd be happy to. Following the IPO process of the organization, the independent board of directors undertook to identify ombudsmen to come to the organization and provide, in the spirit of customer service, the same delivery of services that had been aspired to by the organization. So Fiona Crean has joined the organization. She reports directly to the board of directors; she does not report to myself or to the management team.

After a customer has an experience where they feel that they need to get more time with the organization, Laura Cooke and her group in customer solutions would undertake to solve any outstanding issues for the organization. If it did come to a point where the customer felt that they weren't fairly treated or we weren't able to resolve their issue—and, in some degree, whether it was fair or unfair to the customer—Fiona would get involved and reconcile that as an independent third party. She will report back to the board of directors of Hydro One, the governance committee, on the final solution with those customers. So that shop is up and running.

On day one, they did get a bit of pent-up demand, I think, in terms of applications to have some reviews of certain customer outcomes that needed to be solved. She's well under way running her office. Her staff were approved by the board of directors. I do know, in terms of my observation, that all the staff that were requested were approved; the entire budget that was requested was approved. She will report quarterly to the board of directors on customer engagement.

Mr. Bob Delaney: What type of transformation has occurred at Hydro One during the years 2015 and 2016?

Mr. Mayo Schmidt: There has actually been, from my observation, a considerable amount of work that had begun with the benefit of the Auditor General's report. People had taken it very seriously and had undertaken to do the work necessary to overcome some of the historic challenges. We've seen a 13% improvement in terms of some of the customer service modules, as well as now a high percentage—over 80% of calls to the customer centre are answered within 20 seconds, which I think is remarkable when you consider that most organizations simply have a recording where you then have to subsequently go through button after button, whereas we answer the phones directly. There's a really key focus on certainly the customer, our cost—the things that were talked about earlier in terms of inventories are being re-reviewed.

All of the aspects of that report are being taken seriously. Our internal audit group has taken the report and is applying their skill set. We've got more than a dozen people who are involved as an internal audit group that report directly to the board of directors as well that are reviewing and will be reporting to the board on the report to make sure that every angle and every aspect of

the report will be reviewed and reported on internally as well. So there has been a lot of work undertaken there.

The systems analytics, which I think Mike certainly could speak to, are seeing significant improvements. There were a number of things in the analytics that I think detracted from our ability to be more precise. Some of those analytics were adjusted for things that simply weren't relevant to the outcomes, so we get a more precise nature. It is difficult, whether it's the age of the equipment, the manufacturer's use-by date or a failure of that equipment—there's a lot of analysis that goes into: When will a transformer fail? Mike and his team have been undertaking that.

We're looking at the cost in the organization being more precise, the reporting, and we're doing these things and undertaking a comprehensive reorganization of the entire business from the ground up to see that we're lean and the company is agile to be able to respond. We have a very, very strong focus on safety and a centric-customer organization.

Mr. Bob Delaney: I'm very interested in that. Could you perhaps give us an overview of the analytics and what conclusions you were able to draw from some of the data that you measured and how you organized it?

Mr. Mayo Schmidt: Sure—be happy to. I'll ask Mike Penstone, who heads up that project for us, please.

Mr. Mike Penstone: Thank you for the question, and thank you to the auditor and the committee for their interest about Hydro One's planning and asset management. Normally these are topics that are limited to engineers and utility professionals, so I'm happy to be here to answer your questions.

A little bit of context about asset analytics: Hydro One has been making decisions about when, where and how to replace assets since it was first formed as an offspring of the old Ontario Hydro. Asset analytics was an example of a tool which we developed to try to improve our ability to determine when assets need to be replaced. Engineers were making those decisions long before this tool happened to be instituted. The tool itself was basically finalized towards the end of 2013-14. It was designed to take large volumes of information, use that information through an algorithm, and produce a result for an engineer to subsequently assess.

I want to make it clear to the committee that the tool did not just spit out an answer that we automatically used and determined that investments had to be made. Engineering judgment and engineering confirmation had to be applied before we made any decisions, and this is what we did.

The purpose of developing the tool in the first place was recognizing, as the auditor recognized in her report, that our assets are aging and that we needed to do a better job of identifying the timing and scope of the replacements of those assets. We wanted to do it in such a fashion that, frankly, we got the maximum lifespan out of our assets before we replaced them. We needed to find an optimal point for this replacement. By doing that, it actually enables us to contain our costs and plan our

work in a more effective manner. I think that there was a lot of interest in asset analytics.

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The other point I want to make is that the data that this tool was to use was extensive—millions of pieces of information. I will agree that we started to use the tool before all the data was populated. The reason for doing that was that the information that was contained in the tool was still useful, and the algorithms that the tool was using were also useful. So we had something that may not have been perfected, but it was still better than the processes and methods that we were using in the past.

We recognized and agree with the auditor that there were gaps in the information systems or in the data. We've undertaken an enormous effort to fill those gaps since the report was issued. We've gone from 37% of all of the data fields being populated to over 80%. But I want to underscore that the actual, specific decisions to spend millions of dollars had to be validated and that the output of this tool had to be confirmed.

Mr. Bob Delaney: Okay. Actually, that's very interesting. Could you describe, perhaps, some of the parameters, the scope and the breadth of the data underlying the tool, and what you think are the current strengths and limitations in what it measures and the validity of the conclusions you can draw from it?

Mr. Mike Penstone: That's a long question.

Again, in the auditor's report, it talks about the myriad of equipment that comprises our transmission and distribution systems. It's everything from the poles to the transformers at the top of those poles to the wires to the insulators, production and control—the list goes on and on and on.

What this program does is basically identify all of these various asset groups and then, for each of the asset groups it provides information about the condition of the asset, the age of the asset, how the asset has been used and the cost of maintaining the asset. All of those factors are then considered to determine if it is now time to replace it.

I want to underscore that when we talk about transformers, the transformer at the top of a pole is worth about \$5,000. We have transformers in our networks that are about the size of this room literally, and they're worth \$12 million. The amount of attention and the process that we use to determine when something needs to be replaced—we take a more refined view for, frankly, very expensive equipment that will have a profound impact on reliability.

The purpose of this tool is to collect all of this information, consider all those factors that I just described and then, based on those factors, provide a recommendation—and I want to underscore that it's only a recommendation—to a planner. The planner then looks at this and applies a sanity check: "Does this make sense?"

The other point I want to make is that one of the considerations in this tool is, frankly, the age of an asset. Just because something is old doesn't mean that it has to be replaced.

Laughter.

Mr. Bob Delaney: That actually makes us all feel a great deal more secure.

Mr. Mike Penstone: I'm pleased to hear that. In fact, I take some comfort in that myself occasionally.

The auditor's report talks a lot about the expected service life of assets. The expected service life of an asset is simply the average time that we believe an asset can operate under normal conditions. I wanted to emphasize the terms "average" and "normal" because I can tell you that the circumstances are that there are very few times when you have an average actually reflecting reality when we replace something, and there are very few occasions when all of our assets are operated under normal conditions. I will admit that we do have assets that are "beyond their expected service life." But I can tell you that in the human population there are a lot of people—men and women—who are still living beyond what actuaries would believe to be their normal expected lifespan.

The same is true with assets. Although age is a factor, we normally use that when we consider the fleet of our assets. When you take a look at an entire fleet, that is indicative of the extent to which you should be replacing it. But the actual decisions about individual replacements are based on many other considerations. Again, those considerations—this tool helps the planner collect this information and make an informed decision about whether it's time to replace a piece of equipment.

I also want to make the point that earlier there may have been discrepancies between Hydro One identifying something that was in poor condition and we actually didn't replace it. We are prepared and fully expect to be asked about this particular practice at our upcoming transmission rate application. The fact is—and I think Ms. Leclair referred to it—we initially come up with a plan. The plan that we will be submitting to the OEB: By the time we actually start implementing it, over a year will have elapsed. Within that year, circumstances and new information can materialize, and we act on that new information.

So, for example, why did we not replace a transformer? Well, we had a customer come that we didn't anticipate and ask to be connected, and we had to replace a transformer that was in good condition because that existing good transformer couldn't accommodate the demands of the new customer. So there's an example where circumstances changed. I had a fully loaded, very good transformer; a customer comes and wants to be connected; the transformer has inadequate capacity and I replace it. This is an example where, rightfully, the auditor's report pointed out that we replaced assets that were in good condition; but there were good reasons for doing that.

The point is, we make a plan, and the actual decisions change as circumstances change.

Mr. Bob Delaney: So in other words, you're describing an issue that isn't one of repairing a faulty or about-to-fail piece of equipment, as much as it is upgrading to add additional capacity.

Mr. Mike Penstone: There was a point that was made that we replaced a transformer that was in good condition. We did that. The reason that we did that was because we actually had to replace it with an upsized—or upgraded—transformer. So there are reasons behind those decisions, and we fully expect to, and will, explain those decisions either to the OEB or to interveners in our upcoming rate application.

Mr. Bob Delaney: In describing your asset analytics tool, is it fair to say that it tells you what 5% or 10% or 15% of your assets need to be managed very carefully?

Mr. Mike Penstone: There is an element in that tool that's referred to as criticality. Criticality refers to what the impacts would be if this particular piece of equipment failed. I may have two identical pieces of equipment in two different parts of the network. If one of them fails, it only affects a handful of customers. If the other identical piece of equipment fails, it blacks out downtown Toronto. In that particular case, the criticality of the piece of equipment that serves downtown Toronto is higher than the piece of equipment that serves Upper Rubber Boot. So that is a consideration in our investment decisions as well.

Mr. Bob Delaney: What other types of information have you been able to draw from the body of data that you've accumulated that would tell you a similar type of story?

Mr. Mike Penstone: We use this particular tool to also help us identify trends.

The Vice-Chair (Ms. Lisa MacLeod): You have one minute.

Mr. Bob Delaney: Summarize the trend in a minute.

Mr. Mike Penstone: Summarize the trend in a minute. Again, asset managers—and this applies across all utility sectors—are trying to identify early when something is going to fail.

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This is an emerging science, I'm going to call it. It's an area that all utilities are trying to master. Part of this tool is to identify trends where equipment is failing sooner than its expected service life or, frankly, can be extended beyond its expected service life.

Mr. Bob Delaney: Thank you very much, Chair.

The Vice-Chair (Ms. Lisa MacLeod): Mr. Yakabuski.

Mr. John Yakabuski: Thank you very much for joining us today, all of you. I realize you have busy schedules, and we appreciate you coming.

I want to start out by saying that I'm more than amenable to giving a five-minute stress relief period, because I know those questions from Mr. Delaney were very, very difficult and had to be extremely stressful. If you want five minutes to recover from that, I'm okay. You're going to be all right? Okay, that's great too. I'm thankful, because I know they were really, really difficult and tough.

Anyway, the auditor's report really was, quite frankly, as a legislator, one that was shocking and very, very disappointing, that this utility, which is our utility, according

to that report—and as Mr. Imbrogno said, it was fully accepted by the minister. He accepted all of the issues and recommendations in the auditor's report.

Some of this may repeat some of the things that Mr. Tabuns asked, but we need to ask some of them ourselves as well.

I must say, Mr. Schmidt, that your address was wonderful, but based on that address, I say to Mr. Imbrogno—not that we are in favour of you selling the utility, because we're not—but my God, you're not asking for enough. I saw a story of a utility that is being run perfectly and was even going to be better than perfect in the future, yet it's the subject of a report that paints a very, very different picture.

The auditor says in her report, on page 250: "Hydro One's distribution system has consistently been one of the least reliable among large Canadian electricity distributors between 2010 and 2014. The average number of outages" was much higher, and the length of them was longer. It "was ranked worst and second worst of all distributors in Ontario for duration and frequency of outages in 2013. Over the same period, spending increased by 18% to operate and maintain the distribution system or replace assets that were old or in poor condition."

That is not something that anybody would look at and say, "That was a good report card." That one section alone is a bad report card.

You talked about—what did you call it?—asset analytics, about replacements, Mr. Penstone. You cited a situation where an asset got replaced because the need changed. Are you going to tell me that that is the only reason assets that were not in need of replacement got replaced, that that's the only reason that happened—because there was a need change or a capacity issue? Or did some actually get replaced that simply should not have been replaced at that point?

Mr. Mike Penstone: The other contributing factors towards the output of asset analytics being not entirely as reliable as we would have liked them to be—as it was early days—is the fact—and the auditor alluded to it—that some of the data was flawed. What we'd take a look at is a situation where the analytics may have indicated that the transformer was in good condition and in fact it was not, or it was in poor condition and in fact it was not—

Mr. John Yakabuski: I'm not necessarily looking at transformers. I'm looking at any piece of equipment. You've got a lot of assets besides transformers.

I'm going to give you an example. I drive up Highway 28 every week—back and forth, back and forth. Some of those poles—we got a slide from the Auditor General this morning that said that average life expectancy of those poles, for a wooden pole, is 62 years. That's a pretty good life. Some of those poles that were replaced since I've been elected—I have not been elected for 62 years; people aren't that crazy.

Mr. Lou Rinaldi: Thank God.

Mr. John Yakabuski: Yes, I agree with you there.

Some of those poles were replaced during my term with the green, pressure-treated poles. Some of those

same poles are currently being replaced with fibreglass poles. Those poles aren't beyond their use, so who makes that determination?

Mr. Mike Penstone: You've given me a very specific circumstance; I'm afraid I can't give you a specific answer to—

Mr. John Yakabuski: Well, you can tell me who makes the decision to replace those assets.

Mr. Mike Penstone: The question becomes—I believe that you're asking why the asset is being replaced. There can be other circumstances in terms of why we're replacing a good wood pole with a fibreglass pole. I'll give you one example, and I'm not suggesting that this may be the answer: We may be adding additional conductors to the pole and, in order to do that, in order to maintain clearances, you need a taller pole than the one that was already there.

Mr. John Yakabuski: I'll go measure them.

Mr. Mike Penstone: Okay. Just don't use a metal tape.

Interjection.

Mr. John Yakabuski: Or maybe use a metal tape. I'll get the advice from my friends on the other side.

Mr. Mike Penstone: The decision—back to your question—is a combination between information that engineers have at head office and information that is available to our crews in the local operating centres. If it involves a substantial number of replacements, that is supported by engineers at head office. There isn't an engineer here who is going to make a decision that one out of a million poles is going to get replaced—no. Some of that authority is delegated to the crews in the field, and we allow them to use their judgment and discretion.

Mr. John Yakabuski: Okay. Let's talk about capital deficits now. We're talking about a utility that we hear—I'm never political, but I'm going to be political for a moment.

Interjection.

Mr. John Yakabuski: Serge knows I'm never political.

We hear from the minister all the time about all the work that's been done to improve the transmission and the distribution system since, of course, those folks took office. Then we read in the auditor's report that we have an almost \$4.5-billion capital deficit when it comes to the work that you should have done and have yet to complete. There can be varying degrees, I understand, but maybe you can help me on why we've got a utility that we have on the block for sale that has a capital deficit of approximately \$4.5 billion of work that still needs to be done to bring that up to snuff.

Mr. Mike Penstone: I believe that assessment was based on the concept of our assets that existed beyond their expected service life. If you took a look at all of those assets—that we're now beyond 62 years of age for a wood pole—and you said, "Those should all be replaced," that amounts to a lot of money.

As I mentioned earlier, we don't just use age or the expected service life to determine when something needs

to be replaced. Generally, we replace it based on other considerations, but the primary one is actually the condition of the asset.

Mr. John Yakabuski: There's an actual review of the asset—a physical, visual assessment of the asset by someone in the field who says, "You know what? We can get more out of that." Is that a fair—

Mr. Mike Penstone: Just to that point, the OEB actually obligates Hydro One to inspect its wood poles on an ongoing basis to do exactly what you're suggesting.

Mr. John Yakabuski: My brother was a pole inspector for a summer, so I know all about that.

Mr. Mike Penstone: Okay.

Mr. John Yakabuski: Way back.

Mr. Mike Penstone: How many did he identify?

Mr. John Yakabuski: I don't know how many of those poles are still in the ground.

Mr. Mike Penstone: Okay, well, that's what I want to find out. How do you spell your last name? No.

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Mr. John Yakabuski: Delaney, D-E—

Mr. Mike Penstone: Okay. The point that I'm trying to make is we take a lot of information, including information that is received from field forces, about the state and condition of our assets. That information combined with the other factors I mentioned earlier—I may have a piece of equipment that is younger than its expected service life, but it's costing me a small fortune to maintain. I'm going to look at that and that will be a consideration, saying: "I'm going to replace this asset because with the new one, I'm going to save some money." So there's an example where I'm replacing something before its expected service life.

Mr. John Yakabuski: I can tell you about an asset just like that. Daniel knows all about it. It could be replaced but the rules don't allow for it. We won't even get into it, but Daniel knows exactly what I'm talking about—and they're nodding their heads.

Let's talk about power quality issues now. This is something that I found where you've got the 138 power quality meters installed in your system, but you aren't—or at that time weren't—you weren't monitoring and analyzing the data from these meters to improve system reliability unless a customer calls first to complain.

We've got all this technology today—you install reliability meters that can tell you how well the systems work. Power quality is a big issue for somebody that runs the risk—I don't have to tell you; you know the system—how, if the power quality is bad, they can burn out motors and all of this kind of stuff. People lose their refrigerators; they lose their meat; they lose everything. So you've got these meters, but you basically put them in and forgot about them. It's my interpretation and I'm allowed to make my interpretation; you can correct me if you choose. We put in this equipment and then ignore it.

How does that make the system operate better? You can put out a press release or maybe the minister can say again about how, "We're making the system better. In fact, we put in 138 power quality meters." But if you're

not using them, then you haven't done a thing. Can you tell me what has been done to actually proactively use that technology, or is it still sitting there, waiting for a customer to complain?

Mr. Mike Penstone: Both you and the auditor accurately have identified that power quality is a significant issue, particularly with large industrial customers. For the committee's information, power quality is a situation where your lights have not actually gone off; instead, they've dimmed a little bit, and the dimming is caused by the fact that the voltage has sagged, or has dropped.

The difficulty is that we see voltage sags, but we don't know whether it has actually impacted a customer or not. The best example that perhaps people in this room have experienced with power quality is if you'll suddenly see the lights dim and your clocks start blinking. Your lights actually haven't gone off, but there was a brief little spike or sag and it has caused your clock-radio to start blinking. In your particular case, it's just a matter of going back and resetting the clock-radio. There are large industrial customers in this province whose equipment cannot withstand that very, very small deviation.

Our challenge is that, as a transmitter and distributor, we are not aware when those deviations have had an adverse impact on a customer until the customer actually calls us. In some cases, you can have a situation and the customer's equipment rides through and there's no impact whatsoever. In other cases, it causes some significant damage or losses for the customer.

The purpose of the power quality meters is to collect information so that once a customer calls us and says, "I've had an issue," we're then able to go and use that information to analyze what was the cause of the problem, and then work with the customer to sort out or identify solutions or actions that can be taken so that if a similar situation occurred again, it wouldn't have the same adverse effects.

Mr. John Yakabuski: Thank you very much. I'm going to pass it over to my colleague Mrs. Munro. She has a couple of questions as well.

Mrs. Julia Munro: Thank you for coming here today. In the time I have, I wanted to spend a moment or two on the issues that the auditor raised around page 278 of her report. On page 277, project costs that can be as much as 19% to 28% are referenced in the text. I looked at the capital-construction-projects-with-cost-overruns diagram on page 278. What struck me, beyond the initial fact that there was a built-in allowance of such a high percentage on a particular project—because, as suggested in the text of the material we have, that becomes the new normal; if you're going to allow that kind of percentage, then it's just going to be automatically attached to the cost of the project.

My question comes from having sat on this committee. Different ministries and government agencies have come over the years. One of the things that jumped out at me when I looked at this whole issue around construction projects with cost overruns is what happens with relations between Infrastructure Ontario and its partners

in the private sector, since Hydro One is now in the private sector. They come on time and on budget. Why can't we say the same thing for what's done here?

The Vice-Chair (Ms. Lisa MacLeod): Just to remind you: Introduce yourself for Hansard.

Mr. Brad Bowness: Good afternoon. My name is Brad Bowness. I'm the vice-president of our construction services group. I have overall accountability for delivery of our capital work program.

You asked a few questions. I'll speak to the first part about cost and cost estimating, and what past practices were and what current practices are.

Some of the projects that are outlined in the Auditor General's report—the three that were the examples in Figure 8—were projects that were approved back in 2010 and 2011. Those are projects that were estimated back in 2009 and 2010 to support those approvals. At the time, we had an estimating methodology and framework that had a certain percentage of engineering completed, which allowed for a certain quality of the estimate. A good example is: You've completed 10% to 15% of the engineering, so you're potentially going to have some broader swings in your implementation costs because you don't have certainty in the overall design. Since that time, we've changed our estimating practice and process where we've tightened up to get to the point where we've completed about 30% of the engineering during the up-front phase, and we've worked toward narrowing that contingency percentage down to the 10% mark on our major projects so that we don't have as much variability during the delivery phase.

Mrs. Julia Munro: Is it helpful to look at other jurisdictions? Do others do a better job of estimating on these projects?

Mr. Brad Bowness: We constantly interact with other utilities through CEA, our Canadian Electrical Association, and also through relationships with other parties, both from Mike Penstone's world and my world, to look at best practices around how to estimate. The Auditor General also highlighted, during the period they were in last year, that the best practice is to be between—I can't see it right here, but between 8% and 12%. So I think we're very much in line with an industry perspective of targeting to be at 10% contingency on our major capital projects. Also, since the Auditor General's report—

The Vice-Chair (Ms. Lisa MacLeod): You have one minute.

Mr. Brad Bowness: —we have engaged with an external third party, an industry-leading firm by the name of Burns and McDonnell. They're in working with us right now to help us improve our estimating practices and processes beyond where we are today, because the estimating phase of a capital project is critical for its success, both from a cost schedule and an estimate perspective.

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Mrs. Julia Munro: I'm pleased to know that you are looking at that, because when you look even at 8% to 10%, that's a lot of money.

Mr. Brad Bowness: Yes. The other thing I might highlight is that if you look at the overall aggregate portfolio of our projects, we do target to bring in the portfolio at or below budget. I'm pleased to report that on the major capital projects that we completed last year, we averaged, coming in, 4% under budget across the overall portfolio. There are some that are up; there are some that are down. But on average, we have made improvements in our delivery model, and we are looking to continue that trend of bringing in projects at or below the approved budget.

Mrs. Julia Munro: Thank you.

The Acting Chair (Ms. Lisa MacLeod): With that, I want to say thank you.

We're going now to the NDP. Our rounds will now be 18 minutes. We will go to you, Mr. Tabuns.

Mr. Peter Tabuns: Pleased to be generous, Chair. Eighteen minutes: What can I do with that?

Mr. Schmidt, thank you very much for being here today. I appreciate it. My understanding is that, in the end, we don't have, as a committee, any impact on you. You don't report to us; you don't report to the Minister of Energy. You have to comply with the OEB, the IESO and the securities commission. Is that correct?

Mr. Mayo Schmidt: That's my understanding. You're correct.

Mr. Peter Tabuns: So it's a courtesy that you're here. I appreciate the fact that you're willing to answer questions.

Mr. Mayo Schmidt: Thank you.

Mr. Peter Tabuns: In the end, we can't direct you. We can't direct you through the minister.

One question I wanted to raise: You already have a reliability problem at Hydro One. The Auditor General didn't touch on this in her report, so just a note to the Chair. I wanted to know if Hydro One has done an assessment of its vulnerability to climate change, and how that affects your planning for the system going forward.

Mr. Mayo Schmidt: Sure. I'll first address the reliability and then perhaps our planner might like to take some part of that. We're in the process right now of meeting with all of our, not only major customers, but customers all the way from local distribution all the way to the major plants in an effort to understand their needs on reliability.

Certainly, the changes that have occurred in the history, which, of course, has taken out all the coal operations and led to hydro, wind, solar, etc., are areas where we're working to support any new generators. There are 116 generators that we support today that are managed through the IESO as well.

In fact, only yesterday I met with several of the steel mills, who have talked about the reliability of power, which is what Mike had addressed, which was that the steel plant, even with Mike's comments about a fluctuation or a fluttering causing the entire plant to go down, we really have to be—which was addressed in the auditor's report—on top of that reliability because they

lose 24 hours to bring the plant back up because they have to reheat the system, etc.

With that, there are meetings that have taken place over the last two weeks, and will for the next two weeks, and that will help form our report to the OEB regarding our reliability and what we need within the system to avoid taking those major plants down.

Mike, I don't know if you'd like to comment any further.

Mr. Mike Penstone: Does that answer your question about reliability?

Mr. Peter Tabuns: Well, in terms of reliability—

Mr. Mike Penstone: Or the climate change—

Mr. Peter Tabuns: Yes, identification of vulnerability and plans to address that vulnerability so that you're adapted to the new realities.

Mr. Mike Penstone: Right. The impact of climate change is a subject or a topic that has been examined by all utilities. I'm certainly aware that it has been discussed within North America, and I expect it has been discussed elsewhere on the planet as well.

The Acting Chair (Mrs. Julia Munro): I'm sorry; I must remind you, Mr. Tabuns, that we are restricted by the confines of today's report.

Mr. Peter Tabuns: I understand that, but we're talking about reliability and I'm concerned to know if they have this as a factor in their—

The Acting Chair (Mrs. Julia Munro): I understand that. I ask you, though, to continue within the framework of today's report.

Go ahead.

Mr. Mike Penstone: One of the first things as an industry as a whole, where you'd expect the industry reacting to climate change in terms of its equipment standards. Our equipment has been constructed and designed in the past to withstand certain levels of wind and ice accretion, in particular on the transmission system.

As it becomes more apparent, you would expect that the standards that we have to build our facilities to will change and will require increased investments and more demanding requirements. That's the first step in terms of enabling the transmission system, or the distribution system, for that matter, to be able to withstand climate change.

I'll give you another example, and it's perhaps not as fancy. I think people may remember an incident that occurred I'm going to say two years ago, affecting Toronto following a substantial rainstorm, where there was a significant outage certainly in the western part of the GTA—

Mr. Peter Tabuns: You're talking about 2013, yes.

Mr. Mike Penstone: Thank you for correcting that. Exactly; in 2013. This was an unprecedented rainstorm. It set records for precipitation in Toronto. We'd never, ever, seen anything like it, and it caused substantial flooding in Hydro One's facilities and at our stations. That flooding contributed to damaged equipment that

was located in the basements. That damaged equipment led to the outage.

It's this simple: We're now taking steps to take equipment out of the basements of our stations. We took steps and identified how the water got into the basements of our stations and we've now sealed up those entrances. Again, it's not something that's very visible or, frankly, even costs a lot of money, but it's an example where we're now adjusting our practices and adjusting our designs and recognizing that we need to be prepared for, frankly, rainfall or precipitation that's much higher than what we've normally experienced.

There was an example where we have started to adapt. As I mentioned, it doesn't cost a lot of money, it's not particularly sexy, but there's a lot of small things like that that we're doing.

Mr. Peter Tabuns: Okay. Thank you. Going back to page 249 of the report—I like to see a happy Chair—on cyber security, I guess the first question is: Is the bulk electricity system physically isolated from all other cyber systems operated by Hydro One?

The Acting Chair (Mrs. Julia Munro): Please remember to identify yourself for Hansard. Thank you.

Mr. Colin Penny: Colin Penny. I'm the senior vice-president, technology, and chief information officer for Hydro One. My accountabilities also include our security.

Mr. Peter Tabuns: Okay.

Mr. Colin Penny: So the question was the physical separation of our—

Mr. Peter Tabuns: I think the term was "air gap"—

Mr. Colin Penny: Air gap, right. "Air gap" is a term that people use because they think that there's security in physical separation of networks. Certainly our security designs include having separate networks. People have heard about the incident in Ukraine; that was actually caused by the fact that their business networks, or the network that their email runs on, were actually connected to their power system network.

Mr. Peter Tabuns: Yes. Right.

Mr. Colin Penny: Our networks are not connected. There are transactions that need to occur between our operations systems and our business systems—asset analytics has come up a lot today. A lot of the information that asset analytics uses is operating information that comes from our power system network. But those aren't transacted through an automated mechanism; they're transacted by manual mechanisms that are very secure.

I don't like using the term "air gap" because people have a certain visual of it. But the networks are certainly separated and there are security perimeters around each of our network domains.

Mr. Peter Tabuns: Are you planning to bring your whole system up to NERC standards for cyber security outside the bulk electricity system?

Mr. Colin Penny: I'll answer that quickly and then I'll expand. We are compliant with NERC standards in terms of critical infrastructure protection. In the Auditor General report, it pointed out that for those that weren't

governed by the NERC standard, we have lesser security controls associated with those assets. That's actually by design. We use a risk-based methodology, as all utilities do, frankly, and all industries do around their cyber security approaches.

Those assets, which are the most critical in our system, are protected with the highest protections. Those that are lower risk or lower criticality are afforded less protection. A lot of that is the balance of cost, not just of implementing the protections themselves, or the controls themselves, but also the flexibility of our business and our operations to perform the work that we need to do on a day-to-day basis. If we put locks on every single door, it's a lot more difficult for Brad's folks to go to a station to work on a station. We have to take the cost and the balance of security into consideration, as well as our business operations.

1400

Mr. Peter Tabuns: The Auditor General notes that you don't "conduct regular security risk assessments, as required for NERC-covered devices, to determine how vulnerable its other transmission system devices are to security breaches" and that you don't know "how many devices have not had a security assessment." Is that still the case since that audit was completed?

Mr. Colin Penny: The finding, again, is consistent for those assets that are the most critical in our power system. They are assessed annually. That's actually a requirement of NERC that we have to prove to NERC and, frankly, the IESO. We have to declare to them that we're compliant with those standards. So we are compliant with that component of the standards.

A lot of the equipment at our stations, whether it's at a large critical station or a smaller station, is consistent. If I can test a device at a big station and determine its vulnerability profile, that actually does apply to all of those similar devices that are throughout our power system. We are quite consistent in a lot of those devices that we call IP-connected devices or computer devices that are on our power system. The proliferation of those is actually a very recent occurrence, so most of those things are new and are fairly consistent across our power system.

We have taken the approach that if we have assessed a device at a critical station, that assessment applies to those similar devices that have been installed in the same way by the same skill sets at those other station. We're comfortable that the risk is low that that device would have significantly different security profile than the similar device at a critical station.

Mr. Peter Tabuns: Hydro One's response to the Auditor General notes that you're developing and have already implemented certain aspects of a new comprehensive security program that will apply to all electronic devices. What are the timelines for that? What's the standard, if you can describe it briefly? Lastly, what kind of cost are we talking about?

Mr. Colin Penny: From a status standpoint, we've recently approved a new security policy and new security

standards that are aligned with a standard called the NIST standard—that's the National Institute of Standards and Technology standard. It's a North-American-developed standard. Their critical infrastructure cyber security framework is recognized across our industry and across many industries, including Public Safety Canada, as the foremost framework to use.

We have already signed those policies and approved those standards to apply that framework across our asset base—not just our power system assets, but our business IT assets, as well as people and our data. It is a comprehensive framework that is very consistent with the finding from the Auditor General's report. That is in place.

We have a current large project that we need to bring up to the new NERC cyber security standards by July of this year. That investment, those work practices and that implementation are also advised by the NIST standards. Those implementations for all of our new protections associated with the bulk electric system will be aligned with that new framework.

In the two years following that, there are just under 100 facilities on which there is going to be significant work. Mr. Penstone's folks are feverishly planning right now to get another 100 facilities up to that standard. I don't know if we have an estimate for it yet.

I would say that to bring all of our stations up to that standard, though, would be cost-prohibitive. Looking at, again, the risk profiles of each of our facilities and applying those standards to those facilities from a risk-based perspective is going to be consistent.

Mr. Peter Tabuns: So when you say "cost-prohibitive," have you done an analysis of what the cost would be?

Mr. Colin Penny: I'd be comfortable in saying that it would be in the hundreds of millions of dollars to bring all facilities up to the same critical infrastructure protection standard that we put the bulk electric system in.

Mr. Peter Tabuns: Your assessment right now is that you don't need that?

Mr. Colin Penny: That's correct.

Mr. Peter Tabuns: I guess we'll see.

Next question, on vegetation management—I'm not sure if you're the guy for trees and shrubs.

Mr. Colin Penny: No.

Mr. Mike Penstone: I'm the tree guy, the pole guy and the transformer guy.

Mr. Peter Tabuns: It's a hell of a thing to put on your resumé: "I'm the shrub guy."

The Auditor General noted that, according to your calculation, you're spending an awful lot of money on vegetation management because you have a 9.5-year rotation cycle. You're going to an eight-year rotation cycle. You've noted that you would save something in the range of \$84 million a year if you had a four-year cycle. I may not understand what the Auditor General has written—maybe you do better than me—but it looks to me like there's substantial cost savings there and a reli-

ability reinforcement opportunity that you aren't taking advantage of. Why is that?

Mr. Mike Penstone: A considerable amount of work is currently under way examining our vegetation management practices to confirm that the practices that we've got are actually giving us the outcomes that we expect in terms of the reliability outcomes for the dollars that we're spending. So this work is under way, and I will tell you that we are adjusting our vegetation management practices as a result of the assessments that have occurred.

The comment about vegetation management cycles—it's this simple, really, and I'll take an extreme example—is if you wait 20 years before you go and clear a right of way, then what you're clearing is 20 years old and it's going to take a lot of time and effort and chain-saws to clear it.

Mr. Peter Tabuns: Yes, that makes sense to me. Which is—

Mr. Mike Penstone: More money.

Mr. Peter Tabuns: Yes. So a shorter cycle would be less costly to clear.

Mr. Mike Penstone: Correct. But then the question becomes, what is the sweet spot? We have 123,000 circuit kilometres of lines and thousands and thousands of kilometres of rights of way that need to be cleared. At one extreme, you could argue, "Well, you should do it every year." But if you do it every year, it is going to cost you a lot of money. On the other extreme, if you wait 20 years, it's going to cost you a lot of money. So somewhere in between every year and 20 years, there's an optimal point.

We are moving towards an eight-year cycle because our estimation is that this will cost us less money because of the growth that we would be clearing at that time as opposed to what it's now costing us in terms of the nine-year cycle or nine-and-a-half-year cycle, which is more expensive because—

The Vice-Chair (Ms. Lisa MacLeod): You have one minute.

Mr. Mike Penstone: —the vegetation is denser and more difficult to clear. I guess our view is that a four-year cycle is less optimum based on cost considerations. We're having that validated by a third party as we speak. What is the optimal cycle time?

The other element to this is, if you are going to clear a right of way, should certain lines get a priority based on their criticality? That is also getting examined, and that will inform our vegetation management practices moving forward.

Mr. Peter Tabuns: And when will that be available?

Mr. Mike Penstone: The results of those analyses will actually go into our investment plan, or the business plan that we will use as the basis for next rate application for the OEB.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much. We'll now go to the Mr. Delaney.

Mr. Bob Delaney: Thank you very much, Chair and Mr. Penstone. I was very interested in the line of dis-

cussion that you were having. Why don't you please continue?

Mr. Mike Penstone: About trees?

Mr. Bob Delaney: Yes.

Mr. Mike Penstone: Okay. I think, on the distribution system—I'll stand back. First of all, on the transmission network, there are industry standards that we have to comply with. Mr. Penny talked about some industry standards in terms of critical infrastructure protection. We have an obligation to follow those standards. Those standards are established by the North American Electric Reliability Corp. The standards are mandatory. The reason that they're now mandatory was one of the outcomes of the blackout that affected Ontario and parts of the US back in 2013.

Mr. Mayo Schmidt: Two thousand and three.

Mr. Mike Penstone: Oh, sorry; 2003. Thank you. Time flies.

1410

So, we have these mandatory standards. On the transmission system, there are mandatory requirements for us to keep our rights-of-way clear. On the distribution system, there are no equivalent standards, so we're allowed to apply our own discretion in terms of the timing—to the previous question—the frequency, and the priority of lines that we clear.

One of the things that is becoming evident is if you take a look at a distribution right-of-way, particularly distribution lines that are at a lower voltage, that right-of-way is very narrow. Hydro One can only go in and clear roughly 10 feet.

If any of you have cottages, you may see this. Hydro One has come in, we've cleared the distribution lines in and around your cottage, but it's a very narrow swath.

The benefit of doing that is that it manages health and safety risks, because we don't like trees growing up into lines, and if we have trees that are approaching lines, we don't like people climbing them. The difficulty is that on either side of that right-of-way that we've just cleared are some enormous trees, all the time. Lots of our lines are in rural Ontario; we've cleared our right-of-way within our legal ability, and on either side are monstrous trees.

Everybody loves trees, and I love trees. If we were to go and suggest to a property owner, "Your tree that is adjacent to our right-of-way will pose a risk if there is a wind storm or an ice storm, and we would like to trim your tree," we would not get a particularly positive response. The fact is that many of our outages that are caused by trees are actually from trees that are outside of our right-of-way. Limbs fall on our equipment or trees fall down: This is just a fact. If you look at our distribution system, the three largest causes of interruptions, in order, are tree contact, tree contact and tree contact. That's a fact.

What can we do about it? As we are looking at upgrading our networks on the distribution system, in many cases, what we try to do is relocate these lines so that they're on what we refer to as a road allowance. So we take it out from the middle of the bush and we put it

beside a road. Generally, at least on one side of the line, you have a road, and you're not going to have a tree that runs the risk of falling into it, so we start to mitigate the risk that way. The other benefit of a road allowance is, in many cases, on the other side of the line, there is a distance between the line and vegetation. These are some of the tactics that we're considering to mitigate the risk of tree contacts on our lines.

I'll give you another example of activities that we're now exploring, again, to get bang for the buck on vegetation management. There are products that we could install that are higher-cost than the current conductors. The conductors that are on top of a pole are not insulated, so if something contacts them, you automatically create a fault, and that line will be removed from service and people's lights will be out. There are products on the market, which we are now investigating, where there is insulation on those conductors. So if you had a branch contact it and the branch fell off, you would actually not have an outage.

We're examining these new products, and the difficulty is that the product is more expensive. I can tell you right now: We're not going to deploy it on 123,000 circuit kilometres of lines. We would look for areas in the province that are at the highest risk of vegetation contacts—and we know exactly where they are—and we would start to deploy a higher-cost solution in order to mitigate the risk of tree contacts.

You probably now know way more than you ever wanted to know about trees and the distribution system.

Mr. Bob Delaney: It brings to mind a conversation I had with one of our contacts at Enersource during some of the incidents that you mentioned. The lady at Enersource said to me that she had had these calls from a lady in Mississauga who complained about how energetically Enersource had been trimming trees and was concerned about the vigour with which the trees were being trimmed on her street. Following the ice storm of December 2013, to this woman at Enersource's surprise, it was the same lady who called back and said, "You know, I have to apologize to you. Your policy turned out to be completely correct. In all of the corridors in which you had trimmed the trees, the power stayed on, and on those where you had not trimmed the trees or they were on the homeowners' side, the power went off." So I was interested in your comments regarding the reaction of homeowners to trees in the general proximity of their homes.

At Hydro One, what are some of the interactions you've had and what have you learned from some of them?

Mr. Mike Penstone: In terms of the interactions with communities where we're intending to go and clear our rights of way?

Mr. Bob Delaney: Yes, as you've had your interactions with residents, business owners and whatnot concerning the tradeoff between esthetics and the safety and security of your system.

Interjection.

The Vice-Chair (Ms. Lisa MacLeod): I remind you to introduce yourself for Hansard. Thank you.

Ms. Laura Cooke: Good afternoon. My name is Laura Cooke. I'm the senior vice-president of customer corporate relations for Hydro One.

To your question about how we work with communities: To us, the key point on efforts to clear brush to help Mike's work along is all about communication. It's about working with local officials before we actually have to take that action—so education and communication.

We do find that communities, once they understand the reason to improve or maintain reliability, are on side. But as Mike says, they love their trees, so they look for ways for us to actually mitigate that activity.

Something else that we like to do is, we like to work with communities to beautify a section on a right of way after we've done the work. We understand that in some communities, the rights of way and the greenery along the rights of way are the only green space some communities have, so they really, really want to protect that space. What we try to do is manage our obligations to reliability and manage our obligations to the community by trying to do some beautification work following some aggressive tree trimming.

So it's communication, education, and try to leave the place looking better than you found it.

Mr. Bob Delaney: I believe Mr. Dong has a question.

Mr. Han Dong: I had sort of a supplementary question to the tree lecture there. I found it very fascinating, because they're often the details that we don't know about, now that this new technology is available.

Following the ice storm, some constituents in my riding in the older neighbourhoods came forward and said, "Why can't we just bury the lines to avoid this kind of stuff?" In Toronto and in my neighbourhood, there were a few areas—it seems to me that the city has a plan to replace water mains. They're opening up the ground, doing their work and all that stuff. I know it may cost a lot of money, so I want to find out how much it will cost. Is there any way that we can work with the city to minimize those costs?

Ms. Laura Cooke: I'm afraid I'm going to have to trade seats with my colleague Mike Penstone again. Apologies.

Interjection.

Mr. Mike Penstone: Right. Your colleague has hit the nail on the head.

Typically, underground service versus an overhead line is between seven to 10 times more expensive.

Mr. Han Dong: Wow.

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Mr. Mike Penstone: But having said that, to your point, if there is already work under way that is excavation or replacing existing infrastructure, if you're able to do the work simultaneously, that helps drive the cost down to some degree, but it will never be as cost-effective as overhead lines.

Mr. Han Dong: But wouldn't that save in the long run because you don't have to worry about trees, storms and all that stuff?

Mr. Mike Penstone: Right. A good point. If you bury them, if you actually run the numbers, it's still, in the long term over the entire life cycle, less expensive for overhead lines. The cables that you actually would install in the ground reach their end of life as well and need to be replaced. It's an issue that suburban utilities are now having to manage. Because their suburbs are now 30 or 40 years old and they had a lot of underground services, and they're faced with the challenge of replacing those cables. I can tell you that the cost of replacing underground cables versus overhead lines is also much more expensive.

Mr. Han Dong: Okay. Interesting.

Mr. Bob Delaney: What would be the expected lifetime of an overhead line as opposed to one that has been buried, which I imagine would depend upon the type of neighbourhood or the surrounding in which it's buried? Perhaps you could expand on that a bit?

Mr. Mike Penstone: An overhead line comprises a number of individual components. You have the pole, you have the insulators and you actually have the conductors—you know, the wires? Typically, the poles are good for 60 years. For the conductor, it all really depends on the environment in which it has been exposed to and the loading to which it has been exposed to.

On the distribution system, typically, we will take samples—and, for this matter, on the transmission system as well. We will take samples of the conductor and we're able to test it to determine if it's approaching its end of life or not. There are certain tests: tensile strength, ductility—you asked the question. I had to go there.

Mr. Bob Delaney: I know what "ductile" means.

Mr. Mike Penstone: Okay. We're actually able to test the conductors. Based on that determination we'll decide, if we're there to replace poles, do we just do the pole or do we actually replace the conductor as well?

In terms of our transmission system, the actual conductors are good for around 60 or 70 years, again depending on the environment in which they operate. We're now at the point where we've spent a lot of time and attention on replacing equipment within our transformer stations. It's now becoming evident to us that we need to spend increased attention and expenditures on replacing lines that have been in the air for a protracted period of time, and I'm talking decades.

This is a new area of emphasis for Hydro One, and this is an emerging asset management issue for us.

Mr. Bob Delaney: Going back to the last round, is the body of data that you're collecting in your asset analytics tool able to contribute to a greater degree of precision in making decisions around which assets to replace and where?

Mr. Mike Penstone: That's the intent of the tool. The intent of the tool is to help the planner in terms of giving him more information, then distilling that information and providing a recommendation. It enables the planning

to be more efficient in the sense that the data is all available in one source as opposed to having to go through multiple databases or files that people keep on their computers. We've done away with that. So the purpose of this is both in terms of planning efficiency and to get a better outcome and a better decision.

But again, as I mentioned earlier, everything that comes out of that tool has to be confirmed by the engineer or the planner.

Mr. Bob Delaney: Okay.

The Vice-Chair (Ms. Lisa MacLeod): You have two minutes.

Mr. Bob Delaney: Thanks, Chair. I think we'll wind it up here.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much for that fascinating round of questions.

We'll go the official opposition for their final 18 minutes, and we'll go to Mrs. Munro.

Mrs. Julia Munro: I want to move away from the trees for a moment and—

Mr. Mike Penstone: And look at the forest?

Mrs. Julia Munro: Not the forest yet, but the issue around the poles. My first question is, what's the lifespan of a transformer that's on a pole?

Mr. Mike Penstone: Would you accept, "It depends"?

Mrs. Julia Munro: Let's say it depends, to respond to that—that it's going to one house. So it's not a transformer that's a big thing in the neighbourhood.

Mr. Mike Penstone: Are you talking a pole-top transformer that would basically supply one, two or three homes?

Mrs. Julia Munro: That's right.

Mr. Mike Penstone: Again, we can come up with an expected service life for a transformer. For that type of transformer, 50 or 60 years is not unusual. Again, expected service life presumes normal conditions. It's an average.

Typically, what we find is what actually causes those transformers to fail is also dependent on to what extent they have been loaded—in other words, what demands, how much power has flowed through that transformer over years and years and years. That influences when it's actually going to fail.

By the way, those transformers we replace when they fail; we don't proactively replace them. We have over half a million of them.

The other element that influences a transformer's lifespan is if it's been exposed to short circuits. For example—

Mrs. Julia Munro: A squirrel?

Mr. Mike Penstone: A squirrel or a tree: That causes a sudden in-rush of current or power that will flow through a transformer. If that happens frequently enough, that accelerates the aging of the transformer.

Another example that causes us transformer problems is you can have a situation where you have—on top of the transformers there's a little insulator, and then there's the actual wire. You can have situations where the

insulator gets contaminated. In other words, it's going to get covered with stuff. Typically, you'll see that when transformers are close to roads or major highways. What we experience is, over the course of a winter, there will be an accumulation of salt on the actual insulators. You combine that with some damp or foggy weather, and that salt will actually start to cause what we refer to as tracking. In other words, current will start to flow on the outside of the insulator.

The insulator is normally to separate the transformer and the wire that's carrying the power. You'll have a situation where it will start to track. Sorry, I step back: It's the pole and the insulator. It will track and it will start to flow through the pole. That will cause poles to catch fire. In some cases, if there's a transformer on that pole, it will also cause the transformer to fail as well.

The point I'm trying to make is: It all depends where the transformer is. How it's been exposed or how it's been treated through its lifetime and where it's physically located can all influence when a transformer fails.

Mrs. Julia Munro: Thank you. On another—I think I have a moment—

The Vice-Chair (Ms. Lisa MacLeod): You have 14.

Mrs. Julia Munro: In the auditor's report, there was the question about—and I think I'm quoting—you initiated a pilot project two years ago that has been testing smart meters. This was on page 274 of the auditor's report. On the question of "the information on outages is still limited to what the utility finds out from customer calls," can you give us a sense of the effort that's being made to make that something that doesn't rest on the homeowner phoning? Have we seen any use of smart meters able to find the outages?

1430

Mr. Mike Penstone: What we're able to do with smart meters—and it was identified in the report. We undertook a pilot program to what we refer to as "ping the meter," where we will interrogate the meter remotely. What it was designed to do is, in my cases, customers will call and they'll say, "My lights are out." Normally we would dispatch a crew to investigate the problem.

What this pilot program did was, when we get that type of call, we'll actually interrogate the meter, ping it to see whether in fact there is service being supplied to the home. We'll be able to tell whether the wire right up to the home is actually energized. If it's energized, then we know there's no need to dispatch a crew and there's money to be saved. We'll also be able to advise the homeowner that, "If your lights are out, it's an issue within your premises." Right? The benefit again is that it avoids an unnecessary crew dispatch and saves Hydro One money and, ultimately, saves ratepayers money.

The result of that pilot is that we've confirmed that there is real benefits to doing this, that the cost of now moving from a pilot to a full production system—there's a business case to do that and we're actually in the midst of undertaking that. We're now convinced that we're going to expand this to more meters and make this part of our conventional operating and control systems.

Mrs. Julia Munro: Okay. If I understand, this would happen automatically if there was an outage, or do you have to phone?

Mr. Mike Penstone: In this particular case it's a response to a homeowner calling saying, "My lights are out. Do something about it."

Mrs. Julia Munro: Right.

Mr. Mike Penstone: I'll also say that in some cases in the past—not that anyone here would do this, but in many cases people who were going to their cottage, and they haven't been to their cottage for a number of weeks, they will call and they'll say, "My lights are out," and they'll do that in advance to make sure that when they get there, the lights are on. That's a fact.

Mr. Peter Tabuns: I believe you.

Mr. Mike Penstone: Nobody likes to arrive at the cottage and have the lights out. So to make sure that that doesn't happen, you call in advance and say, "My lights are out." The crew goes out there and they say, "No, it's not. Everything's good." This is another exercise—a way of avoiding that.

To your point about, "Are we able to now start using smart meters to identify exactly the nature and scope of an outage?": not yet. That will be a next step, and don't ask me when that step is going to be taken. It's a possibility.

Mrs. Julia Munro: Okay.

Mr. John Yakabuski: To that point, that was something that was misinformation that was disseminated at the time that smart meters were being installed. It was precisely that point, that you could be proactive. Somebody was at the end of a line, which we get in rural Ontario when there's an outage that lasted for days and days. Somebody's always at the end of that line, that they could absolutely determine whether that person's power was on without having—the last person on the line, you might be a mile down from the next one and you don't know that the power has been restored to Joe. You're living down in your place, but then they said they would absolutely be able to determine that power has been restored to that place, and obviously by smart meters that's not the case yet.

Mr. Mike Penstone: Well, again, we're able to ping and interrogate those meters. Have we actually implemented that capability for the purpose that you just described—

Mr. John Yakabuski: Not yet—

Mr. Mike Penstone: Not yet.

Mr. John Yakabuski: Okay. Let's go back to vegetation, because, first of all, I want to point out that I owned property that had a right of way. Hydro One always had carte blanche to cut whatever they had to on my property.

Mr. Mike Penstone: Was that from you?

Mr. John Yakabuski: Yes, it was from me.

Mr. Mike Penstone: Okay.

Mr. John Yakabuski: They used to call me and I used to say, "Don't call me again. If you have issues with the power, deal with the trees." And you know what?

They'd always call, because they said, "We have to." In fact, I guess when they had to do something, they still had to call.

I was not one of those people that said, "Don't touch my trees." I was more concerned about making sure I could watch the Toronto Maple Leafs or the Pittsburgh Steelers or something like that than whether or not they cut my trees.

Anyway, on that issue of vegetation in rural Ontario, that is by far the biggest issue we have with power outages: Trees fall across the lines. So you're actively rerouting things that have properties on either side or whatever to where there is a road allowance whenever there's a line rebuilt, or—when is that happening? And what is the expected cost of that project?

Mr. Mike Penstone: When you say "actively rerouting"—

Mr. John Yakabuski: That's what I heard. I got it from you, kind of.

Mr. Mike Penstone: There are occasions when there is no choice. If we're serving a customer in—and, by the way, our largest issues with tree contact are in cottage country and in northern Ontario. In many cases, there are no alternatives. These cottages are where they are, and you're going to go through—there isn't a road allowance available to us.

What I intended to say was that when there is an opportunity—that is, when the line has reached its end of life, and we know and are convinced it has reached its end of life and we know it needs to be replaced—we would then step back and investigate: Are there alternate routes that we could take to basically get the line away from the trees as much as we can? We'd look at routing the line along road allowances to the maximum practical extent and then start going back in towards the treed areas.

So do we have a formal program right now to basically move all of these lines onto road allowances? No. We do it when we know it has reached its end of life.

Mr. John Yakabuski: And when it's practical.

Okay. I asked you about this capital deficit, and I accept your explanation that there can be different interpretations about how we arrive at that number. Based on your—not the auditor's—assessment, what is the capital deficit facing Hydro One today? Because it's not zero. Don't tell me it's zero, that she picked out \$4.5 billion and you folks see none of that as being an issue. What is the number when it comes to the capital deficit that you folks are behind on in replacing equipment that is at risk of failure?

Mr. Mike Penstone: The answer to that question would be that we identify in our investment plans and in our rate applications, "Here's what we believe are capital expenditures that need to be undertaken, and here's why."

Mr. John Yakabuski: And that rate application covers what period?

Mr. Mike Penstone: Our next transmission rate application will cover 2017 and 2018.

Mr. John Yakabuski: So they're two years?

Mr. Mike Penstone: Our next transmission rate application will be two years. Our next distribution application will be five years.

Mr. John Yakabuski: Okay. You would do that assessment for both transmission and—because I believe it was distribution.

Interjection.

Mr. John Yakabuski: Oh, it's transmission and distribution, the capital—

Ms. Bonnie Lysyk: The \$4.472 billion is the number from Hydro One that relates to transmission.

Mr. John Yakabuski: Oh, transmission.

So you would then, in that rate application, assess what the capital needs are through that two-year period?

Mr. Mike Penstone: Correct, based on the state of our assets. The state of our assets considers all of these other factors. We would submit it to the OEB and advise them that, based on our analysis, we believe that these are the capital expenditures that are necessary to be made to maintain the liability and—I have to emphasize—meet our customers' expectations. As Mayo talked about earlier, we're going through that exercise.

Mr. John Yakabuski: Okay. I think this goes back to some of the points that Mr. Tabuns made: So when you make that application and you're approved, you're rolled back or whatever; you ask for this and get that or whatever. But if you're settled, the acceptance is that your numbers are right, just maybe your request is too high or whatever. I believe Ms. Leclair said that there's no audit, then, as to whether or not you actually completed that work. Correct? Maybe you could answer, Ms. Leclair. If they use that as a reason for requesting a rate increase, there's no audit or no follow-up as to whether or not, in that two-year period, they actually completed that capital work.

Ms. Rosemarie Leclair: When we're approving it, we're looking at the program on a forward-looking basis to determine the revenue requirement of just and reasonable rates. When they come back in—I believe we have said that they will be looking at what they completed against what they had anticipated doing.

Mr. John Yakabuski: When they make the next—

Ms. Rosemarie Leclair: When they made their next application.

Mr. John Yakabuski: The next application; okay. That's good. Thank you very much.

I wanted to ask one more question on the security side of it. I think you can probably answer this one. It seems that there's—no pun intended—a disconnect between how you view the risks in urban, populated areas versus rural, less populated areas, like where I live. It seems that there was very little attention paid to security in rural areas versus larger, urban ones. Is that correct?

The Vice-Chair (Ms. Lisa MacLeod): You have about a minute to respond.

Mr. Mike Penstone: Okay. Our business, as you point out, is all about risk. Without even talking about security, if you take a look at the networks that exist in

urban centres versus the networks that exist in remote centres—by the way, the auditor's report points this out—the reliability is better in southern Ontario than it is in northern Ontario because of—

Mr. John Yakabuski: This splitting the province in two—I don't live in northern Ontario but I do live in rural Ontario.

Mr. Mike Penstone: But it goes to the point of risk and what you are prepared to spend for the customers who are being served. This applies to more than just security. If there are large numbers of customers in urban centres, we're able to provide additional designs and services to minimize—I shouldn't say "minimize"—

manage the risk to them that we don't do for rural customers simply because the densities aren't there to be able to support the expenditures that we would have to make.

The Vice-Chair (Ms. Lisa MacLeod): Thank you very much, Mr. Penstone. I want to say thank you to all of the deputants today for joining us and taking time out of their busy schedules. Thank you to the auditor, her staff, to our committee Clerk and her staff, and our researchers.

We will have a few minutes' recess in order to clear the room and then we will gather back as a committee.

The committee continued in closed session at 1443.

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Ms. Bonnie Lysyk, Auditor General

Clerk / Greffière

Ms. Valerie Quioc Lim

Staff / Personnel

Mr. Ian Morris, research officer,
Research Services



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Wednesday 13 April 2016

Journal des débats (Hansard)

Mercredi 13 avril 2016

Standing Committee on Public Accounts

2015 Annual Report,
Auditor General:

Treasury Board Secretariat

Comité permanent des comptes publics

Rapport annuel 2015,
Vérificatrice générale :

Secrétariat du Conseil du Trésor



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 13 April 2016

Mercredi 13 avril 2016

The committee met at 1231 in room 151, following a closed session.

2015 ANNUAL REPORT,
AUDITOR GENERAL

TREASURY BOARD SECRETARIAT

Consideration of chapter 5, Toward Better Accountability.

The Chair (Mr. Ernie Hardeman): With that, we'll call the meeting to order. I see we have all three parties present so we'll carry on.

We're here this afternoon for the consideration of Towards Better Accountability, chapter 5 of the 2015 annual report of the Auditor General. We have with us the Treasury Board Secretariat and we'll let them introduce themselves for Hansard as they start to speak. That way, we'll have the right order as they're recorded.

We will have a 20-minute presentation from you collectively, and then we'll have 20-minute rotations, starting with the government side. The second time around, the time left will be divided equally for the three parties.

With that, we thank you very much for coming in this afternoon, and we look forward to your presentation.

Mr. Greg Orensak: Great. Thank you very much, Mr. Chair, and members of the committee. My name is Greg Orensak and I'm the Deputy Minister of the Treasury Board Secretariat. You will often hear me refer to my ministry by the acronym TBS.

We are pleased to have the opportunity to address the committee on chapter 5 of the Auditor General's 2015 annual report. We will also outline for you how the government is taking steps with leadership and guidance from the Treasury Board to achieve better accountability for Ontario's provincial agencies.

Before I begin, I'd like to introduce one of the members of TBS's senior executive team who is joining me here today: on my right, Scot Weeres, who is the director for agency governance. Scot has a breadth of knowledge and experience when it comes to agency accountability and governance. I would also like to thank the Auditor General and her staff for the recommendations put forth in the 2015 report which will help the government to achieve even greater transparency and accountability of Ontario's provincial agencies.

Ontario residents rely daily on a wide range of services provided by provincial agencies, from advising

on disease prevention and cancer screening to dispute resolution and creating transportation systems that enhance economic prosperity, environmental sustainability and quality of life. That is why transparency and accountability is important for all of Ontario's 185 provincial agencies. By strengthening agency governance and accountability practices, the government can help to ensure that these agencies deliver high-quality services to Ontarians in an efficient and fiscally responsible way.

I'd like to begin my presentation today by highlighting each of the Auditor General's recommendations regarding provincial agency transparency and accountability and then outlining the actions the government is taking to address them. Then I will speak more generally about how the government is strengthening the transparency and accountability of Ontario's provincial agencies.

As the Auditor General indicated, most provincial agencies are required to submit annual reports to their responsible ministers within a specific time frame. Ministers are then required to review the reports and make them public, either by tabling them in the Legislature or by approving them to be released on the agency or government website.

The Auditor General reviewed 57 agencies over three years, and found that only 5% of their annual reports were tabled within six months of fiscal year-end, and indicated that in many cases, ministries had received agency annual reports for review, but they did not make them public in a timely manner. This is obviously not acceptable, and there is more work to be done.

A new agencies and appointments directive, or AAD, came into effect on February 1, 2015. It should be noted that the auditor's findings, by and large, related to the time period prior to the new Agencies and Appointments Directive coming into force. The new directive effectively modernized and streamlined the agency governance framework by improving governance, oversight and transparency.

The AAD establishes important relationships between the agency and the minister responsible: for example, a memorandum of understanding between the agency chair and minister, a minister-approved three-year business plan and an annual report that tracks progress to agreed-upon goals.

I would like to take a look at the auditor's five recommendations in turn. First, the auditor recommended that the government ensure all agencies submit their annual

reports within legislated time frames or, as directed, within the 90-to-120-day time frame, depending on the agency.

As I mentioned briefly earlier, a key component in the government's drive to greater agency transparency and accountability is the enhancement of the agencies and appointments directive. In her report, the auditor noted that "Ontario has recently enhanced the governance, accountability and transparency of its provincial agencies." She also noted that, "The agencies and appointments directive has introduced several new accountability and transparency requirements." These new requirements go above and beyond the previous requirements that Ontario had in place to promote provincial agency transparency and accountability.

One of the new requirements in the directive is that agencies must publicly post all governance documents within 30 days of ministerial approval. This is expected to greatly increase the transparency and accountability of agencies and reduce the total time taken to publicly release annual reports.

In addition, starting in June this year, and as stated in the directive, chairs and CEOs of board-governed provincial agencies will be required each year to test compliance to the following core responsibilities: (1) that their agencies are complying with applicable legislation, regulations, directives and policies; and (2) that the system of internal controls supports the integrity and reliability of an agency's financial report.

To support implementation of these new compliance declarations, the Treasury Board Secretariat has developed comprehensive guidance material for provincial agencies and ministries. The material includes a guide, frequently asked questions and various other templates. The Treasury Board Secretariat also hosted two webinars, which were attended by nearly 150 staff from ministries and agencies across the Ontario public service, or OPS. In addition, one of the webinars was recorded and is now available to staff in agencies and ministries across the OPS 24/7 via the Treasury Board Secretariat web portal for ministry and agency resources.

The Auditor General's second recommendation was that the government specify a length of time that ministries have to approve annual reports once they receive them. We have communicated with our ministry partners that this is of utmost importance, and we have urged them to work collaboratively with their ministers to make the timely approval of agency governance documents a top priority going forward.

The government's responses to the Auditor General's third and fifth recommendations are related, so let's take a look at those together. The Auditor General recommended that the Treasury Board Secretariat advise the government on a process to ensure that all elected officials are notified when agencies publicly release their annual reports. In addition, the Auditor General recommended that TBS consult the Legislative Assembly of Ontario on how best to ensure the Standing Committee on Government Agencies is provided with all the annual reports of agencies when they are made public.

All elected officials, including members of the Standing Committee on Government Agencies, continue to have immediate access to agency annual reports, business plans and MOUs for 125 provincial agencies and expenses for all provincial agencies as soon as they are published online.

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By requiring that these documents be published online, the government is enabling all Ontarians to have access to this information. Making agency governance documents, including annual reports, accessible to all is an increase in accountability and transparency.

TBS is planning to consult with the Legislative Assembly on both of these recommendations as it puts in place an effective approach that will provide both elected officials and all Ontarians with access to important agency governance information.

Finally, the Auditor General recommended that the government amend legislation governing some agencies or introduce new legislation that would eliminate any inconsistencies related to the preparation and public reporting of annual reports. The government has undertaken an in-depth legislative review to identify all statutory references to the creation and tabling of agencies' annual reports.

TBS is continuing to explore opportunities to work with ministries and agencies to address any statutory inconsistencies that may exist. As you will probably appreciate from what I just told you, in the three months since the Auditor General delivered her report, the government has moved swiftly to address her recommendations.

What I want to do now is to spend my remaining time talking about some of the other changes that have been made to strengthen agency governance.

Reporting results for agency annual reports is just one component of the tools that are available to help ensure effective governance and accountability. Over the past six years, Ontario has taken important steps to enhance the governance, accountability and transparency of its provincial agencies. We continue that focus today to effectively increase agency oversight.

Over the coming year, the province will be taking steps to ensure that provincial agencies remain aligned with the expectations of the government and Ontarians. For example, as noted in the 2016 budget, the government plans to introduce mandate letters for every board-governed provincial agency and make those mandate letters publicly available. By taking these steps, Ontarians will be able to clearly understand the service and performance expectations that government has for Ontario agencies that provide goods or services to the people of the province.

As part of the government's ongoing commitment to effectiveness and efficiency, all provincial agencies are now required to undergo a review of their mandate at least once every seven years. The intent of this review is to ensure that an agency's mandate, activities and services align with government priorities. To date, mandate

reviews for 20 provincial agencies have been completed and reported to Treasury Board. Another 36 reviews are under way. All agencies will have their mandates reviewed in the coming years.

As part of its commitment to improve accountability and find efficiencies, the government committed to reduce the number of agencies by 30% from the 2011 baseline level of 246. The government has met that commitment, dissolving 77 provincial agencies over the past five years. Eight of those provincial agencies were dissolved as a result of mandate reviews.

The government has also made it mandatory for all public appointees of provincial agencies to take orientation training that covers the principles of governance, fiduciary duty, ethics and the role of an appointee as a representative of the province. For those being appointed or reappointed to boards of provincial agencies, they must also complete a full-day, in-class training session. This training orients appointees on the principles of a public appointment; the principles of good public sector governance; the roles, responsibilities and relationships of government and provincial agencies; the accountability and transparency measures that impact provincial agencies and their appointees; ethics and conflict of interest with respect to appointee roles and responsibilities; and best practices for navigating the provincial agency environment.

The government has also established several inter-ministerial executive committees to discuss and inform staff from all ministries about agency priorities, issues and requirements. The government recognizes that provincial agencies require effective oversight.

Under the new agencies and appointments directive, provincial agencies are now required to submit their business plans to their responsible ministries three months before the end of their fiscal year, and to the minister within one month of the start of the next fiscal year.

On the operational side, the government is utilizing a risk-based approach when managing provincial agencies. Where an agency faces particular combinations of high risks, the Treasury Board invites the responsible minister and agency chair to appear in person at Treasury Board to discuss how they will be working together to mitigate the risks faced by the agency.

In addition to publicly posting expense information, effective this year, the Integrity Commissioner has expanded authority to review the expenses of designated persons at all provincial agencies. The Integrity Commissioner now has the ability to select which public entities must submit their expenses for review. The number of public entities covered has thus expanded from 19 a couple of years ago to 174 today.

The government is also in the process of establishing consistent compensation frameworks that will be applied to the compensation of designated executives, select agencies and broader public sector organizations. The practical implications of this mean the creation of a centralized mechanism with which the government may oversee executive compensation.

These are some of the key measures that the government has recently implemented as part of its commitment to strengthening provincial agency transparency, accountability and governance. We are always seeking opportunities to further strengthen provincial agency transparency and accountability, and the auditor's report has provided us with an opportunity to do just that.

In closing, I'd like to once again thank the Auditor General and her staff for her recommendations, and at this time, my colleague Scot and I would be delighted to answer any questions that the committee may have.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation. Again, the first round of 20 minutes is to the government side. Mr. Fraser?

Mr. John Fraser: Thank you very much for being here today and for your presentation.

I've got a question around—I'll back up a little bit. Governance has always been something that's of great concern to me, not just in the agencies we have that are directly responsible to government, but just in general in our society. It's a particular challenge. You see failures of governance across all sectors.

You mentioned the agencies and appointments directive. What are the tools in that directive that are actually going to help improve and strengthen governance? Because that's obviously where a lot of risk lies.

Mr. Greg Orensak: Yes, absolutely. I think effective governance is critically important in terms of oversight of agencies, and I think it's also important to balance the right governance mechanisms with the particular agency in question. Agencies deliver on a variety of different mandates, and that may pose different kinds of risks at different points in time.

Part of effective governance, in our view, is to have a good relationship management framework that exists between the agency and the ministry that's responsible for overseeing the mandate of the agency, and for that to be a continuous, ongoing process.

1250

There are various tools and requirements in the new agencies and appointments directive that help support the culture of good governance. That obviously needs to be continuously nurtured. Certainly, the public posting of documents is an important component of that. Having greater insight and availability of information that would otherwise not have been available quite as easily or not been as accessible—not only by members of the Legislature but also members of the public—is an important and useful component of that. It creates a demand for that information not just by the overseers but also by members of the public or businesses that might actually be using the services of a particular agency or that might be the clients of that particular agency.

Another aspect of good governance is an ongoing monitoring and reporting of risks. Risks, by their nature, can be complex; they can be shifting. So regular, quarterly monitoring of risks is an important feature of how we ask ministries to work with their agencies to keep track of issues and report on those risks to Treasury

Board. When those risks require more immediate attention or direct support, there are opportunities for the ministries and agencies to work together to try to mitigate those risks. Treasury Board can sometimes get involved in that as well.

Those are just a couple of the features of the directive that speak to ways in which we can strengthen governance.

Mr. John Fraser: The next part, more specifically, in terms of risk management and the approach to risk management: Obviously it varies because different agencies have different levels of risk and different complexities. From a governance structure perspective, are there expectations around that structure that enable those issues of risk to be addressed? Can you speak directly to that? I think that's a big challenge.

Mr. Greg Orencsak: Absolutely. The governance structure of agencies varies, as you know. Probably the most mature and most complex agencies are ones that are governed by boards. We have a number of significant agencies that are board-governed agencies. The role that those board members can play in terms of overseeing governance, working with the agency's management in terms of both governance and day-to-day delivery issues, is an important way in which governance issues get attention.

Probably the most complex and potentially highest-risk agencies are board-governed. It's really important for those board appointees to bring to bear a diverse set of skills to be able to discharge their accountabilities and functions when it comes to oversight. It's important for those board members and other appointees to benefit from effective tools and supports. That's why I spoke a little bit in my introductory remarks about the kind of training, for example, that's being provided to appointees, whether those are new appointees or folks who have been reappointed to a particular agency.

Mr. John Fraser: That training component is an incredibly important part of putting together a board of governors, because you can have a set of skills. In a lot of organizations, boards of governors are not remunerated. My father used to say that sometimes people would do things on a community board or agency—not specifically about this—that they'd never do at home or at work. Right? Their approaches are different. So I think that education piece is critical.

What I would just like to say off the top—and it doesn't necessarily require an answer, unless you want to give one—is that the relationship between the board of governors and the management is also critical. I know we've all seen that in different organizations throughout our community, where challenges come forth. I just believe that's a critical area.

Now, I have one more question. I don't know whether my colleagues have—

Mr. Chris Ballard: You go ahead. I've got one when you're done.

Mr. John Fraser: You've got one when I'm done? Okay.

It relates to the timely annual reporting to the Legislature, especially of annual reports. If you take a look across at what the compliance of the board of governors is, it presents a challenge for us. But I want to understand how the recent changes that you've talked about are actually going to help us, and are going to help us as legislators, as we go forward, to be the board of governors to a bunch a of boards of governors in a really complex department.

Mr. Greg Orencsak: I can only concur with you in terms of the importance of an effective relationship between a governance board and management. Both of those groups play important roles in terms of accountability, oversight and delivery, and those roles are important to be effectively balanced.

In terms of your more specific question around reporting, I think the Auditor General and her staff have done very helpful work and have clearly pointed to some weaknesses in terms of the timeliness of that reporting standard. We're obviously concerned about that from a Treasury Board Secretariat perspective.

In terms of changes that were made to the directive, and in terms of requiring public posting of more documents, not only annual reports but other governance documents as well such as business plans and MOUs, hopefully it creates greater demand for these kinds of important information to be made available publicly. And hopefully that also creates a better incentive for agencies and ministries to make that information available in a more timely manner.

That kind of demand and involvement by citizens and the public is often an important impetus for raising the bar and raising expectations when it comes to accountability and transparency. People want to know, and in today's world it's so easy to get access to information. We all have one of these. Some of us were just checking our email messages before coming into this meeting. So it's very, very easy to put information in the hands of the public, and that's an important feature of the changes to the appointments directive.

The government has committed to reviewing that directive in light of some of the recommendations from the Auditor General. There may be things that the government would be willing to do to make the directive even more effective in terms of bringing more consistency to, for example, the requirements, how those requirements are applied and where the information resides when it comes to particular requirements to bring greater consistency and, frankly, simplicity to the rules. But the rules in and of themselves are not enough; you need to be able to make sure that folks follow the rules and that those rules can be readily implemented.

1300

Mr. John Fraser: Yes, I agree. There's no question that there's an issue of compliance, but I just go back to the transparency. We had some discussion amongst ourselves just about how, if you take a look at all that reporting and you plunk it down in front of 12 people, whoever they are, that's a lot of reporting. The more

transparent and open those processes are—we here, on all sides, are the people who represent the people who are on the board of governors. The more people who are looking at that and thinking about that—that transparency will drive those things that need change to change.

I may have some other questions in the next round, but I think Chris has some questions.

Mr. Chris Ballard: How much time do we have?

Mr. John Fraser: You have about six or seven minutes.

Mr. Chris Ballard: We can probably get that in in about six minutes.

Interjection.

Mr. John Fraser: Ernie is shaving you down.

Mr. Chris Ballard: He's shaving me down? Well, that's okay; I'll speak fast. I think, actually, some of the information has been covered off.

It's so important, the discussions we have about improving governance and improving transparency, especially in public agencies such as those we're addressing here today. But I know from a very practical perspective—and maybe you can speak at a high level for us—we can implement new policies and new rules and new regulations until the cows come home, as they say, but the people on the other side and the agencies who are going to be implementing them have to know about them.

I know we touched a little bit on this when you were discussing board governance. That's critical because it starts there. Just from a high-level perspective—because now we probably only have five minutes—what sort of things are we doing in terms of working with agencies to teach them about the new rules and the new policies and how to operate under those? How are we communicating this?

Mr. Greg Orensak: Great question, and obviously an important question. There's no single answer to that. I think we have to be doing a variety of things. Again, a lot of it comes down to an effective relationship between all parts of government.

One of the things that we have done in Treasury Board Secretariat—and Treasury Board Secretariat advises Treasury Board; Treasury Board sets the rules. It's important for us as part of Treasury Board Secretariat to have an ongoing forum in which we engage with our ministry partners who are responsible for working with agencies that each individual ministry oversees.

We've set up a table of ministry executives who are involved in agency relations and agency oversight. It works as a collaborative community of practice, a CoP, which takes a very active role in that work. That's one way in which we share information. In turn, those ministry contacts are able to share information with agencies and share best practices. There might be something that works really well in one part of government or one particular agency that others may benefit from hearing about.

Obviously, as we share experiences and as rules are updated, there are formal communications that go out to

ministries and agencies. Obviously, everyone needs to be in the know about the rules themselves. There are also mechanisms embedded in the new agencies and appointments directive where the agencies that are responsible—so the chair and the CEO of an agency need to provide an attestation that they are following the rules that apply to them, and the policies that they are subject to.

That's a good approach in terms of making sure that there is also a formal accountability mechanism, not meant to be punitive but meant to be one where compliance is not only encouraged, but also required to be attested to. It is important for the internal governance of those agencies, knowing that at the end of the day, their highest-ranking officer has to provide that kind of attestation, and that attestation is at the appropriate level, given where the accountability lies.

Mr. Chris Ballard: Okay, good. I think it's—

The Chair (Mr. Ernie Hardeman): A minute and a half left.

Mr. Chris Ballard: A minute and a half left?

From what I hear, it's so important and I think it's very good that you've got that round table with the ministries all together at the same time so everyone gets the same message, they get it at the same time, they can share those best practices and then take them back.

Just from a reporting process—and I'm trying to wrap my mind around this. I'm new to this committee, so bear with me. We have the Treasury Board, we have the ministries and we have the agencies. Do you deal directly with the agencies on an ongoing basis as well?

Mr. Greg Orensak: We wouldn't normally do that, other than agencies that the Treasury Board Secretariat is directly responsible for. But in our model of reporting and accountability, it is the responsible ministry and minister that would deal with that particular agency. That reflects the accountability that that minister has to the Legislature.

Mr. Chris Ballard: So for purposes of communication, you communicate with the ministry and then they move it along?

Mr. Greg Orensak: That's right.

Mr. Chris Ballard: Okay. Thank you.

The Chair (Mr. Ernie Hardeman): That's it?

Mr. Chris Ballard: Yes, very good. Thank you.

The Chair (Mr. Ernie Hardeman): Thank you very much, and you're just under.

We will now go to the official opposition. Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming here today. This is different than some of the other parts of the report that we generally look at, so it presents a different kind of perspective, as you would appreciate.

When the Auditor General indicated to us through her report that she had taken 57 crown agencies as a—

The Chair (Mr. Ernie Hardeman): Ms. Munro, could you move a little closer?

Mrs. Julia Munro: Oh, sorry.

Ms. Catherine Fife: Pull your mike closer to you.

Mrs. Julia Munro: Okay. Is that better?

The Chair (Mr. Ernie Hardeman): Yes.

Mrs. Julia Munro: All right. Now I have to remember where I was.

She took 57 crown agencies as a sampling. Quite frankly, I have to say that I was quite shocked when I looked at the compliance rate, when I looked at the graph that shows us how few were actually in compliance. My first question is: Do you think that there might have been a different compliance level if there was a different group in the sample? Does that have anything to do with the low compliance rate?

Mr. Greg Orensak: It's hard for me to answer that, Ms. Munro. I think we would have to look at a different sample. I think 57 agencies makes up less than a third of the total number of agencies. But it's hard for me to comment on that because I just don't have that information available to me.

Mrs. Julia Munro: I just wondered if the rest of them were not compliant in the same kind of quantity percentage as this group—if there was any kind of difference that you would want to illustrate.

I guess the reason is because when I look at the chart that's provided to us on page 702 of the auditor's report, obviously it came as a bit of a shock to me to see the kind of compliance that we're looking at on this file. So that was the reason for my question.

The other reason for it is that as legislators, one of the most important elements of our task is to look at the question of accountability and transparency. We go home on Fridays and answer the phone, and the people are talking about, in many cases, crown agencies that are troublesome to them, as opposed to actual high-level initiation of legislation or something like that.

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I'll take, for an example, Legal Aid Ontario. It's extraordinarily difficult for anyone to find their way through that process; in fact, so much so that it generally requires staff assistance. It's so complex that if someone says, "I'm applying for legal aid," someone else will say, "Well, don't bother, because you won't get it." Well, it might be that there is some kind of fractional difference between the two people, and in fact the second person could potentially get legal aid.

When you talk about these steps that you are planning on taking, I'd like you to keep in mind my constituents who are intimidated to go to legal aid. There are people who find themselves bumping up against the rules or the regulations or things like that, and they'll come in desperation and say, "Who's in charge of that? How do I find out what the processes are?" and things like that.

On the question of the mandate letters: While I believe in the approach of a mandate letter, I think it has to also take into account the role vis-à-vis the citizen, the taxpayer, because all of these have, as their end user, individuals.

I also want to ask you: What kind of confidence do you have that these changes will be met in a more timely way than the recording of the actual reports that we wait for?

Mr. Greg Orensak: Point well taken, Ms. Munro, and I think those are very important observations on your

part. If you'll allow me to briefly comment to your earlier point—before I answer the more specific question—around the value of an annual report in terms of the accountability that you're looking for, and the accountability that that represents to citizens and constituents.

One of the changes that was made as part of the agencies and appointments directive relates to what's in an annual report, because the information and the way that that information is conveyed is also important in terms of accountability. You talk about how difficult it might be to navigate a certain process or service that's provided by an agency. Sometimes it's very difficult to navigate an annual report. If you look at page 701 of the auditor's report, for those of you who have it available to you, the auditor produced a very helpful and informative table about what the requirements are of the new agencies and appointments directive—kind of halfway through that page. The previous directive stated:

"The annual report must include:

"—the agency's financial statements, with actual results, variances and explanations of the variances against estimate."

That's it. So it could have just been a financial report, which may not make a whole lot of sense to the average person. The new requirements require an annual report to contain not only quantitative but also qualitative information. Just to give you some examples of that: a description of the activities that the agency was involved in in that particular year; a discussion of performance targets achieved; and actions to be taken when those targets are not being achieved. There's a longer list and I don't want to bore you with that list, but that is very much front and centre in terms of the actual accountability requirements.

In terms of your specific question about our expectations for the effectiveness of the new directive in terms of more timely reporting, our expectations are that it will help. Obviously a directive, in and of itself, is not sufficient. We've been working with ministries in terms of implementing the new features of that directive. Some of the things that I mentioned earlier in terms of attestation in response to Mr. Ballard's question are coming into effect this June. We want to make sure those are effectively implemented. We are also working with our colleagues and doing spot checks of our own. When things are not being done as expeditiously as we would hope for, we have a way to remind folks to get their act together.

The other thing that will help, frankly, is the attention that the auditor's report has brought to this particular issue. It is a new feature of the auditor's annual report that was added in the 2015 year. When we found out about it shortly before the report was finalized, when the auditor alerted us, we certainly welcomed it. My understanding is that the auditor intends to make this a bit of a continuing effort. That will bring additional incentives, if you will, for greater compliance.

Mrs. Julia Munro: One further question is the question of it also being laid on the table in the assembly. I think that this is a very important step that gives all

members the opportunity to recognize when these processes come along and be able to look online and provide the public with greater access to it. But I think it's extremely important that that particular process is maintained.

Mr. Greg Orencsak: In that regard, one of the things we're committed to doing is working with the Legislative Assembly in terms of finding the best way to notify legislators. That is something that we have to work with the Legislative Assembly on, given the role that the Legislative Assembly has.

I would like to reiterate, though, or remind us that there are 125 agencies that are required to prepare an annual report. All of those reports are being made available online. Of those 125 agencies that are required to prepare an annual report, currently 106 agencies still have a requirement to table those reports in the Legislature. So over 80% of agencies still are required to table their reports in the Legislature, and every agency has to make them available to the public. Like I said, we are in the process of consulting with the Legislative Assembly to make sure that even those reports that are not tabled in the Legislature—legislators have an effective way of knowing when those are available for review.

Mrs. Julia Munro: My next area: I wanted some comments on the issue of governance, because these are—would they all be people that—no, you don't have all boards.

Mr. Greg Orencsak: Yes. There are 78 board-governed agencies of the 185 agencies that we have.

Mrs. Julia Munro: So sort of half.

Mr. Greg Orencsak: More like a third.

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Mrs. Julia Munro: Math isn't my strong point. I just see these as wholes and halves.

Are there similarities in the board formation? Or are there specific areas of responsibility that are particularly different in terms of—you were talking about recognizing risk. I would like further identification of how that looks with board governance.

Mr. Greg Orencsak: Yes. The 78 board-governed agencies discharge a wide variety of functions and responsibilities. To give you an example of the breadth of responsibilities that these agencies have, the 78 range from the LCBO to the McMichael Canadian Art Collection to the Workplace Safety and Insurance Board to the OPS pension board. These agencies do a lot of stuff. As a result, boards for each particular agency may require different skill sets.

One of the practices that some boards follow, and it depends on the board and the board composition and the requirements that boards have, is that some boards have nominating committees. Some boards use those nominating committees to help advise government of the kind of skill sets and skill matrices that are required in terms of effectively discharging their responsibilities. One of the important relationships that exists between a board chair and a minister to whom the chair is accountable is for the board chair to advise on the strength of his or her team. A

balanced board should not only reflect the diversity of the province and the skill sets that are required to discharge some of those responsibilities, but there may well be some requirements for financial expertise. Often, boards have a finance and accounting committee that reviews the financial reports of the corporation, and some boards have sub-boards of accounting committees, and it's sometimes helpful to have those accounting committees be chaired by an accountant or an economist.

I think that's how we help ensure and agencies help ensure that there is not only a diverse skill set but also an appropriate and effective skill set that's represented on boards to discharge the varying responsibilities of each individual agency.

Mrs. Julia Munro: Okay. I'll let my colleague—

The Chair (Mr. Ernie Hardeman): There are about four and a half minutes left. Ms. MacLeod.

Mrs. Lisa MacLeod: Thanks. I'll be quick, and then I'll attempt to do another question or two in the next round. Thank you very much to my colleague for her great round of questioning.

My question is more related to consultation with the Legislative Assembly. I guess this would be some form of consultation as a result of you speaking directly to several members of this committee, but we do have a government agencies committee as well that is responsible for all of these 622 government agencies, boards and commissions. I'm wondering what role they will play in that committee and, in essence, for the rest of us who are on this public accounts committee, in ensuring that there's an appropriate mechanism for keeping us as elected officials apprised of these reports and finding a suitable mechanism so that there is regular reporting.

When I look at the government and them bringing in several different pieces of legislation for greater accountability, this doesn't meet the sniff test, if you know what I'm saying. When there is public money being spent, it's one thing for the government to say, "We're bringing in Bill 8 and we're going to be more accountable, and MPPs are going to be posting their expenses online." These are bigger-ticket items, particularly given how many there are.

I'd like to know how you're going to consult with members of this committee, but in particular the government agencies committee, in order to find a more appropriate mechanism so that this doesn't happen again.

Mr. Greg Orencsak: Sure. I mean, one of the commitments the government has made is to work with the Legislative Assembly in terms of making sure that information and reports are widely disseminated, that all of the legislators have ready access to information, and that legislators are obviously able to discharge their responsibilities.

I can't necessarily speak to the mandate of the Standing Committee on Government Agencies. I don't think that's something that I am in the best position to do. I think the committee has a distinct mandate in the Legislative Assembly, and that committee has tools available to it to discharge that mandate. As the auditor has pointed

out, that committee has met over the last number of years to review some of the bigger agencies, from what I recall, in terms of reading the Auditor General's report.

Ms. Lisa MacLeod: If I could just interrupt—and I do apologize, but with the small amount of time—have any of these consultations actually taken place? And if they have, with individual members of the assembly, what are the recommendations, or when do you know if it will be completed? Or is this something that the government has made a commitment on and just simply isn't going to act upon?

Mr. Greg Orensak: To be clear, Treasury Board Secretariat staff would not consult with individual members of the assembly. Our consultation partner would be the Clerk of the Legislative Assembly and her staff. Our consultations would take place at the staff level. So we wouldn't directly engage politicians in that consultative role.

The Chair (Mr. Ernie Hardeman): With that, you'll have to hold that thought until the next round because the time is up.

We'll go to the third party. Ms. Fife.

Ms. Catherine Fife: Thank you for the presentation. I sort of got dropped into this committee. I mean, I was very familiar with the Auditor General's report, one of the more scathing reports that this province has ever seen about any government.

I wanted to talk about the context of these annual reports, because I think the context is important. As the deputy minister for the Treasury Board Secretariat—and perhaps, Scot, you may want to talk about this as well—what is the value to having annual reports from these 184 government agencies reported on time and accurately? Where do you see the value for that?

Mr. Greg Orensak: Obviously, the annual reporting mechanism is an important accountability and transparency tool. These agencies, and there are 185 agencies—of those, 125 are required to produce annual reports. These agencies provide important services and discharge functions to the public.

Ms. Catherine Fife: Like what?

Mr. Greg Orensak: The LCBO, the WSIB; I used other examples in terms of the McMichael art gallery.

From a governance perspective, these agencies are accountable to the public.

Ms. Catherine Fife: Are they less accountable, then, if the annual reports are not filed on time?

Mr. Greg Orensak: I think annual reports are one part of how these agencies are accountable. There are many other ways in which these agencies are also held accountable.

What is important from a policy perspective for us in the Treasury Board Secretariat is to make sure that we have a comprehensive and balanced set of tools and practices, where we can, frankly, continue to raise the bar on agency accountability, writ large.

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Ms. Catherine Fife: Okay. The compliance on filing, either tabling or posting, of annual reports: Were you

aware, before the Auditor General came in to investigate, how poor the compliance levels were?

Mr. Greg Orensak: Accountability and monitoring of compliance, in terms of the requirements that the agencies have, belong to the responsible ministry—

Ms. Catherine Fife: I know, but you have oversight for this piece. It's just a simple question. What we heard this morning is that the agencies were often filing their reports to their respective ministries on time, but then it was getting stuck at the ministry level. So were you, as the deputy minister for the Treasury Board Secretariat, aware that there was a problem there at the ministry level?

Mr. Greg Orensak: As I was saying, the accountability lies at the ministry level for ensuring and working with agencies that report to a particular ministry. That is where that accountability lies. It is not the Treasury Board Secretariat's role to either monitor or ensure that compliance.

Ms. Catherine Fife: Is that a problem, do you think? Shouldn't somebody in government have a comprehensive view of the reporting of annual reports of these government agencies? This is a lot of money at stake.

The fact that you've just acknowledged that it's the ministry's responsibility—we saw that only 5% of the 57 agencies examined had their annual reports tabled within six months. We saw that 68% were only tabled within a year, and 6% were never tabled.

For us, in the context of a government that has said that they want to open and they want to be transparent and all of those buzzwords, can you comment on the fact that this has clearly been an ongoing situation when you look at the history back to 2006 around the reporting of annual reports?

Mr. Greg Orensak: What the Treasury Board Secretariat has done is, we've been working with the government to help increase and improve effective accountability practices. That is what the new agencies and appointments directive helps to foster.

Our role, from a policy perspective, is to help set effective rules and work with people and ministries in terms of having effective practices when it comes to appropriate accountability mechanisms.

The direct accountability that agencies have is to their responsible minister. It does not make sense to have every agency report in to the Treasury Board Secretariat. That is not something that I would suggest or support. There is a reason that individual ministries are responsible for agencies that deliver services or discharge functions somewhat at arm's length from a ministry in their particular areas of responsibility. Given that, it makes sense for those agencies to continue to report through their responsible ministers.

Ms. Catherine Fife: So you don't see a problem with the inconsistency in the reporting—either by tabling or posting—of reports? Because we learned through the auditor's report that the directive, of course, no longer requires annual reports to be tabled in the Legislature. You've already said, though, that 106 of the 125 are still

tabled. But we, as MPPs, don't have a vehicle or a mechanism to track and to follow the reporting of those annual reports. For me, and for the New Democrats, that's a bit of a gap in the accountability.

Now, are you or the new secretary going to be working with the Legislative Assembly to address that gap?

Mr. Greg Orensak: We are committed to working with the Legislative Assembly in terms of making sure that legislators have the information they need.

One thing that I think is important, in terms of accountability, Ms. Fife, is to think about, obviously, the contents of an annual report. I spoke to that a little bit earlier in response to Mrs. Munro's question. An annual report, by its very nature, is backward looking, right? An annual report tells you what happened in the year that's just passed. That is important, because that is how you measure performance, just like the public accounts report, which this committee is charged with reviewing and overseeing, on the financial results of the province for the past year.

Part of holding agencies accountable is not only for what they have done but also for what they're intending to do in the future.

Ms. Catherine Fife: That's right. I agree.

Mr. Greg Orensak: Part of how we've strengthened accountability, going forward, is making sure that the business plans of these agencies are required to be posted online, because it's an important feature of accountability for legislators—for citizens—to know what agencies' plans are in terms of how they intend to—

Ms. Catherine Fife: Absolutely. So those business plans should be informed by the work that agency has already done, right? But if that agency has not posted or tabled the work they already have done—you call it "backward looking"—then there's definitely a gap in informing that business plan, and there's definitely a gap for us as legislators to hold that agency accountable for the work they've been tasked to do.

I was just trying to get to the point of the value of having these annual reports tabled in a timely manner. You have somewhat answered my question, but when you look through the agencies that took their time—actually, I don't even think that's fair. We did hear, and maybe the auditor can confirm this: If you look through the LHINs in the province of Ontario, on page 707 of the Auditor General's report, figure 6—it doesn't have a table number. When you look at the length of time it took the LHINs' annual reports to be tabled and posted, what we don't know as legislators is, did the LHINs do their work in a timely manner, and did those boards and agencies actually file their annual reports and then did they get stuck at the ministry? If the problem is at the local level, then that's a different conversation. If it's at the ministry, it's a whole other problem.

Could you comment, please, Auditor?

Ms. Bonnie Lysyk: Yes, I can comment that the LHINs were required, under the MOU, to have their submissions in by 90 days, and they did have their submission in by 90 days. On the LHIN side, it was the

decision as to when to table their report, so it was a ministry issue in terms of the length of time it took, once the ministry received the report, to have the report tabled. I believe it's about 286 days after receipt of the annual report.

Ms. Catherine Fife: Do you know why this happened at the Ministry of Health? Is anybody looking into why it took 286 days to review an annual report from a LHIN? We know that there are huge issues with the LHIN system, and the government has filed their white paper and they're going to be looking at LHINs and CCACs, so this would be good information to have in a timely manner. Would you agree?

Mr. Greg Orensak: I think there is obviously great value in having information in a timely manner. The LHINs report through to the Ministry of Health, and the results of the auditor's review are available to the Ministry of Health, so I'm sure that they're looking into that.

Ms. Catherine Fife: Just to be clear, though: You don't know why it took so long for the Ministry of Health to review the annual reports of these LHINs?

Mr. Greg Orensak: The Ministry of Health is accountable and responsible for the LHINs, so that is a question you obviously have to ask the Ministry of Health.

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Ms. Catherine Fife: So I would have to have the Ministry of Health come here and ask them, specifically, this question? Is it possible to have the Minister of Health come here and explain why it took so long?

The Chair (Mr. Ernie Hardeman): It's possible, yes.

Ms. Catherine Fife: It is possible? Well, that is amazing, isn't it? Okay, Thank you for that.

How much more time do I have, Chair?

The Chair (Mr. Ernie Hardeman): You have about seven and a half minutes more.

Ms. Catherine Fife: Okay. I just want to go through some of the recommendations, please. Recommendation 1: "To ensure agencies effectively demonstrate their accountability." The time frame is listed here as a recommendation of the Auditor General. The original response has it that CEOs and chairs of boards of directors now have to attest around agency compliance. They have to have the certificate of assurance. Then they say that the new directive is expected to improve timelines of posting; ministries will be encouraged to work with the ministers.

If this is a directive and if it's an issue of compliance, why does it say that ministries are going to be "encouraged" to do their job? I mean, it's not a question of encouraging them to do their job. This is an accountability process. It shouldn't be encouraged; it should be mandated.

I don't know if you know where I am, but I'm just under recommendation 1. I was surprised to see that response, that we're encouraging people to do their job and not asking them to follow the compliance regulations.

Mr. Greg Orensak: I'm sorry; I don't have the document that you're looking at, Ms. Fife, so obviously I can't comment on what's in it.

Part of our role and part of what Treasury Board Secretariat does is work with ministries to help them ensure they can implement the requirements that apply to them. The directive is a directive of the Treasury Board. Obviously, directives carry the weight and force of government policy.

What we do is work with ministries to ensure that they are aware of the content of the directives and that they're aware of the policy intent behind those directives. But, as I think I've tried to explain to you, it is ultimately the ministry that's responsible that has to work with its agencies in terms of ensuring that the appropriate accountability frameworks are enforced and that they are followed.

Ms. Catherine Fife: Okay. I should have been clearer. This is your response—the secretariat's response—under recommendation 1. It's in the Auditor General's report; it's on page 703. This is your response to the auditor's recommendation. You say, "Ministries will be encouraged to work with their ministers to table and/or publicly post...."

It's not a small thing, language. It's not. It's important, when you're responding to the Auditor General, that we know that at least the secretariat is going to ensure—because you also say that you're going to support these ministries to be compliant. I just want to be clear that I take issue with this "encouraging." Compliance is not a voluntary thing. This is a lot of money at stake. These are agencies where we do not have a clear picture of the financing, especially with the WSIB, and a longstanding one would be Metrolinx. These are current political issues that we, as legislators, are grappling with, and I think that this information would strengthen our position to make better decisions. That's what I would say.

If we go to recommendation 2, the recommendation is "To ensure that the annual reports of provincial agencies are released promptly, Treasury Board Secretariat should advise the government to consider revising the agencies and appointments directive to specify" around timing. Your secretariat went on to say that you are assessing these opportunities and the potential to clarify time frames.

What further clarification do you need around timelines? I guess my question is, what is a reasonable time frame that you would expect ministries, like the Ministry of Health, for instance, to come forward in and table or post the annual reports?

Mr. Greg Orencsak: That is work that we are undertaking right now. What we've committed to do is to propose potential amendments to the directive to government. Obviously, those are decisions that the Treasury Board has to take. We're in the process of working through options that would be available for Treasury Board consideration in terms of any amendments to time frames.

Ms. Catherine Fife: Okay, thanks. Recommendation 3 is, "To increase the accountability of publicly funded provincial agencies after the directive was changed so that annual reports are no longer required to be

tabled...." We had a discussion amongst ourselves this morning around the value of tabling reports or just posting. Where is the secretariat on this discussion? Do you think that all annual reports should be tabled in the Legislature? Is there a discussion ongoing right now in the secretariat about that process?

Mr. Greg Orencsak: Our job, Ms. Fife, is to help the government and provide advice on the directives that the Treasury Board makes. Ultimately, this is not a matter of my opinion or the secretariat's opinion; it is a matter of government policy. A Treasury Board directive is made by Treasury Board. I've been able to talk to you about and explain to you what's included in the new directive and what is the policy intent of the new directive. I've also explained to you that the policy intent is to make sure that not only annual reports but other accountability documents are made broadly available to the public through posting them online. There's a requirement to post all of these documents online, which forms the basis of the government's current policy.

Ms. Catherine Fife: Okay, thank you. In your response—

The Chair (Mr. Ernie Hardeman): You'll have to save that one for the next round.

We will start the second round with the government side. We have about 18 and a half to 19 minutes per caucus, so we'll go with that.

Mr. Lou Rinaldi: Welcome. Good to have you here today.

My question revolves around some of the other questions that have already been asked. We know, from time to time, that we have some issues with agencies. I could even go back to my own riding—some issues on some agencies. But we also know that these agencies are very important because that's who actually takes the goal of delivering those services. Because of sometimes having those challenges with some agencies—and I understand the broad scope that some of them have; they're not that simple, right? I try to keep an open mind. My fear, I guess, is that if we don't have processes in place to remedy some of these issues that come up from time to time—or a protocol, or whatever you want to call it—then we end up in a state where a questionable way that we do things impacts the value of the service.

In a broad sense, if you can, are we making any headway in trying to tackle these issues? We have lots of agencies, and I know there's no one way to fix all the issues, but maybe, in a broad way—because of the responsibility—are we making an attempt? I guess that's the point I'm trying to raise.

Interjection.

Mr. Lou Rinaldi: Oh, no. We're in trouble now.

The Vice-Chair (Ms. Lisa MacLeod): Yes, I was going to cut you off.

Mr. Greg Orencsak: Thanks for your question. I think, absolutely, the government has made this a priority. I'd like to concur that headway is being made. I think there's a recognition that there are circumstances where some agencies require specialized oversight.

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On the operational side, the government and Treasury Board have been taking a risk-based approach to managing provincial agencies. Part of that risk-based approach is ensuring that there are risk registers and that risks are reported on a quarterly basis to Treasury Board—that not only are those reported, but the nature of the risks is also being assessed.

As I mentioned earlier, some of these risks may shift at any one point in time. If there is a combination of high risks that arise, there are opportunities to escalate how those risks are being managed. That could be at the level of the ministry working with a particular agency; that could be between the chair and the responsible ministry; or, in some instances, that could be with the involvement of Treasury Board, where the minister and the agency chair appear before the Treasury Board to discuss how they will be working together to mitigate that risk.

Part of the management over those risks also lies in agencies following guidance, rules and policies. In that regard, the new requirement of the Agencies and Appointments Directive, in terms of requiring the chair of the board of directors to provide an attestation that agencies are in compliance with applicable legislation, regulations, directives and policies, is an important feature.

The last thing that I'll mention that I think is relevant is around the ongoing relevance of agencies, in terms of delivering on specific mandates and services. We don't want agencies to suffer from benign neglect. In that regard, having regular reviews of agency mandates and having every agency be put through a mandate review cycle every seven years will help ensure that there is ongoing relevance to the functions that an agency discharges, and that their activities and services can stay aligned with the government's priorities.

Mr. Lou Rinaldi: Thank you, Chair. I think some of my colleagues—

The Vice-Chair (Ms. Lisa MacLeod): Any further speakers? Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you, Madam Chair. Through you, maybe just to elaborate further on the point that you were starting to touch on: The reporting-out of the annual reports of these various agencies is a window, as you said, on past performance. But the issue is certainly one of also looking forward and ensuring that the mandates that have been given to different agencies are actually being fulfilled: that progress is being made on government initiatives and government policy, and that progress is being made on their particular area of activity, whether it's a regulatory area or, like the Workmen's Compensation Board, whether their performance is meeting their stated objectives and what they say they're doing.

In terms of the alignment of the reporting out on past performance and looking forward on the ongoing issue, I'm still not entirely clear on the Treasury Board's role in ensuring that the linkage is there. My view—perhaps still being relatively new at Queen's Park—is that the

Treasury Board has that general oversight of ensuring that funds are disbursed and programs are being implemented effectively. But then you're somewhat saying that reporting out isn't your issue; it's the individual ministries' issue. You're saying you're looking at providing further advice on how to strengthen the directive. How do you see Treasury Board's role in ensuring there's that linkage between past performance and fulfilling the mandate and moving forward?

Mr. Greg Orenszak: It's a very good question. The Treasury Board Secretariat plays the role of a central agency in government. Think of that as the body in government that helps set priorities in terms of how funds are allocated across government programs. In doing so, Treasury Board would consider appropriate business cases so that it can allocate money in a way that's consistent for the government's priorities, for example, and in a way that the government can help ensure value for money. But ultimately those programs, be it health care, education or social assistance, are delivered by individual ministries. Those ministries, with their minister, are accountable to the Legislature.

When it comes to agency oversight and accountability, the role of Treasury Board is to set consistent rules and expectations that apply across a wide spectrum of agencies. Part of what we have done is that we've tailored some of our rules to make sure that it's consistent and appropriate to the mandate, scope and risk that an agency might have.

In that regard, to give you one very concrete example, we have 185 agencies. Of those, 125 agencies have to prepare annual reports and make them available to the public. The other 60 agencies are advisory agencies. From the perspective of an advisory agency, an annual report is not as relevant an accountability tool. But certainly, terms of reference are important and relevant from the perspective of an advisory agency in terms of what advice a particular advisory body is being asked to bring to bear in terms of their responsibilities.

Really, what we're trying to do is make sure that there are effective rules in place. But the rules are not enough. Rules are important, but practices are just as important. That's what has been motivating us to make sure that we have effective training, for example, in terms of agency appointees. It's the appointees who are exercising a lot of that direct day-to-day oversight role of a particular agency. They need to be able to have the tools available to them in terms of making them be as effective in discharging their duties and responsibilities as they can be.

We've also looked at other rules and tools and supports that, based on research and evidence and best practices in other jurisdictions, can help ensure effective accountability and oversight.

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Certainly, the annual report is a backward-looking document. The business plan is a forward-looking document. There's a requirement for agencies to submit their business plans for review prior to the start of the fiscal year, so that the responsible ministry has a chance to look

at it, review it, comment on it and work with the agency on informing the business plan as it gets finalized and gets submitted to the minister who is responsible for approval, also requiring that the business plan, in addition to the annual report as well as other documents, be made public so that when the annual report comes out after the fiscal year is over, the public has a chance to see, well before the fiscal year is over, what the plans of a particular agency are at any one point in time.

Mr. Peter Z. Milczyn: Just to go further along that line: The process of communication and cooperation back and forth between the ministries and Treasury Board is fundamental to formulation of the budget and government spending plans and so on. On the issue of reporting out of these various agencies, boards and commissions through their ministries, what improvements are you suggesting to ensure that that is actually being done in a timely way to better inform the work you are doing around the development of business plans and providing advice on future spending when there appears, at times, to be a lag or a gap in that very crucial piece of communication?

Mr. Greg Orensak: Good question. Just to give you some indication of the kinds of things that Treasury Board would be responsible for: When it comes to any kind of spending decision, Treasury Board would be looking to be informed by a business case from a sponsoring ministry. That business case would have to entail the reason for expending public funds, how that ties into the government's priorities and the government's legislative responsibilities, and how the money is being allocated based on evidence and outcomes in terms of what a particular investment may be in support of. Those are very important considerations that go into developing and framing a business case. Treasury Board, by its very nature, looks at lots and lots of business cases, because ultimately the asks, taken together, often outnumber the available resources, so trade-offs necessarily have to be made.

In terms of the work with agencies, it is really critical, in our view, for there to be effective relationships between a responsible ministry and the agencies that report through that particular ministry. Annual reports, as I said, are backward-looking documents, and through effective ongoing relationships, organizations have a way of continuing to stay in touch and keeping tabs on how things are going. You don't necessarily want surprises in that kind of relationship.

Effective agency accountability and governance, in addition to all the good things that are included in an accountability framework that can be measured for compliance, whether that's publishing reports or publishing performance metrics, also requires effective day-to-day interactions. So when a risk emerges or a figurative fire is burning in one particular area, there are appropriate steps being taken by an agency to address those concerns and to understand why that particular issue and situation occurred, and how to prevent that kind of situation from occurring in the future.

Those might be relationships that are nurtured at the staff level; those are certainly nurtured at the level of executives for agencies that report to Treasury Board Secretariat. I would have an opportunity to talk to the CEOs and the senior leadership within those agencies on a regular basis to understand and talk through issues, just like ministers would have an opportunity to do that with the chairs of agencies that are responsible to them.

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes your time. We will move on to the opposition.

Ms. Lisa MacLeod: Thank you very much, Chair. I appreciate that.

I just want to go back to this process for consultation with members of the assembly, because I don't think we had enough time. Before we get into each specific agency, particularly the 57 crown agencies surveyed, I actually think there needs to be a realistic process in place for members to understand exactly what is going on at each one of these agencies, boards and commissions.

I look at the auditor's recommendation 3: "To increase the accountability of publicly funded provincial agencies after the directive was changed so that annual reports are no longer required to be tabled, Treasury Board Secretariat should advise the government to establish a process to ensure that all elected officials are notified when agencies publicly release their annual reports."

I appreciate that you are working with the Clerk's office but I think, with 107 members here, there needs to be a bit more direct outreach to members of the assembly and I think there needs to be a process in place that deals directly with the government agencies standing committee. Myself and others here, Chair, I believe—and my colleague, Ms. Munro—have all served on that committee. I think there needs to be a very robust consultation approach with them but also with the rest of us, and I'm not convinced that I've heard that.

Perhaps we could take another kick at this can and we could really talk about a process that may be drafted, or may not be. We could talk about a set of timelines so that we can appropriately respond to the auditor's recommendations.

Third, we can talk about what the government is going to do in order to ensure that these agencies actually meet the timelines and the criteria so that members are adequately informed of what is contained within these reports.

I am just shocked that there has been limited oversight and accountability and virtually no transparency with a lot of these agencies.

Mr. Greg Orensak: First and foremost, we are here and we'd certainly welcome your views in terms of what you think is most helpful to you as legislators in that regard. I would imagine that even if it relates to the mandate of another standing committee—it's completely inappropriate for me to speak for the Chair, but I would imagine that those views would be shared through the Chair or Legislative Assembly staff when it comes to areas that may be, perhaps, beyond the scope of the mandate of this legislative committee.

I think the third recommendation from the auditor relates specifically to tabling annual reports in the Legislature. In the previous directive, there was a requirement for all 125 agencies to table annual reports in the Legislature, both those that have a statutory responsibility to do so—i.e. there is a requirement in their constituting legislation—and those that don't. What the new directive did—and I think this is what prompted this recommendation from the auditor—is that it removed the direct requirement for tabling in the Legislature of those annual reports where there wasn't a statutory obligation to do so.

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Of the 125 agencies that have to prepare annual reports, 106 still have a statutory legal obligation to table their reports in the Legislature, so nothing has really changed for those agency annual reports. For the other 19, there is no longer a requirement to table in the Legislature, but there is a requirement, obviously, to make those reports available publicly.

What we've committed to do in response to this recommendation is to look at ways in which we can ensure, working with the Legislative Assembly, that for those 19 agencies' annual reports, we can have an effective process in place that works for you as legislators, to make sure you know when an annual report is available, even if it's not tabled in the Legislature.

The reason we need to work with the Clerk on that is that the Clerk obviously works with the Speaker, but helps set the rules around how the Legislature works, and it is actually the Clerk's office that annual reports get tabled with when there is a requirement for an annual report to be tabled. That is the process of consultation that we are currently engaging in with the Legislative Assembly.

Ms. Lisa MacLeod: So in terms of the auditor's recommendations 4 and 5 then, let's talk a little bit about the statutes. Do you want me to read recommendations 4 and 5 into the record or—

Mr. Greg Orensak: I have the report here.

Ms. Lisa MacLeod: I guess I will, for the record.

Recommendation 4: "To ensure that provincial agencies are consistent in following the agencies and appointments directive, Treasury Board Secretariat, in conjunction with Management Board of Cabinet, should consider amending the legislation governing some agencies to eliminate any inconsistencies with the directive, or introducing legislation applicable to all agencies that covers the preparation and tabling date or public release date for all annual reports."

The auditor's recommendation 5 states: "To ensure the ongoing accountability and transparency of the operations of provincial agencies, Treasury Board Secretariat should consult the Legislative Assembly of Ontario on how best to ensure the Standing Committee on Government Agencies is provided with all agencies' annual reports when they are made public, as the annual reports can assist the standing committee in determining which

agencies it considers for review." I think that's important. It's consistent with my concern.

The secretariat stated that it "will advise ministries to consider updates to the constituting of statutes of their provincial agencies to eliminate inconsistencies in requirements regarding tabling and/or public posting dates for governance documents ... to ensure alignment with the agencies and appointments directive."

I guess that lead-on and preamble gets to this point: Can the secretariat do more than simply advise the ministries instead and consider updating to constituting statutes, so that the government agencies committee and, by extension, the entire assembly is getting these annual reports? I guess that's the same question for both recommendations.

Mr. Greg Orensak: Yes. We're working on doing just that or something like that. We've undertaken a legislative review of all legislation applicable to the 185 agencies. So you can imagine that's a lot of legislation. To give you some numbers that my staff helpfully prepared for me in anticipation that someone might ask—

Ms. Lisa MacLeod: Smart—just like our researcher helps us.

Mr. Greg Orensak: There you go; there you go. So we've undertaken a legislative review of all legislation applicable to all 185 provincial agencies to identify all annual-report-related references. We found 130 references in 64 affected statutes, 10 regulations and five orders in council affecting 19 ministries and 120 agencies. It's a very extensive landscape of laws and regulations where there are references and rules.

Part of our encouragement function in the Treasury Board Secretariat is to work with ministries as a matter of course, if they are updating their statutes, to consider these kinds of updates. Obviously, all statutes pertaining to a particular minister's responsibility in front of the Legislature are assigned to that minister. It's difficult for the Treasury Board Secretariat to take that responsibility away from that minister. But we've been working with ministries to encourage them to consider updates as they are looking at their legislation.

The other thing, and the other avenue that's available to us is that, at times in the past, there have been things like good government bills, where the government may be able to make more technical, routine amendments to clarify legislative requirements and to ensure consistency between different statutes that govern similar things. That's another opportunity that we're exploring, Ms. MacLeod.

The auditor also offers helpful advice to us. If you'll allow me to just point to another part of her report that is not necessarily referenced in a recommendation but points to a possible path forward in terms of how these statutes might be amended in a consistent way, on the bottom of page 706 of her report, it reads:

"In our view, the current situation in Ontario lends itself to confusion. The fact that the reporting timelines for an agency and its responsible minister may be found in one of three different places—the establishing legisla-

tion, an MOU or the directive—creates needless complications. This could contribute to unnecessary delays in the finalizing and tabling of annual reports, or to reports being submitted or released according to the wrong timelines, such as if the directive is followed rather than the relevant legislation or MOU.

“Presumably, the directive constitutes what the Management Board of Cabinet deems to be the most desirable practice with respect to timelines for reporting. In view of that, it would make sense for the system to be simplified so that all agencies follow the directive.”

In order to do that, we have to amend all those pieces of legislation so that we clarify, in legislative language, that the directive would take precedence.

Ms. Lisa MacLeod: Deputy—

The Chair (Mr. Ernie Hardeman): If I could just stop you for a moment.

Ms. Lisa MacLeod: Okay, sure.

The Chair (Mr. Ernie Hardeman): The auditor would like to ask a question.

Ms. Bonnie Lysyk: I'd like to clarify something. The one key message in this report is not so much that the directive may be considered correct, but the point is that when annual reports are completed by an agency and submitted to a minister's office, there be clarity and consistency as to what public expectations should be for a tabling of that report.

The major finding that we had in the report was that annual reports, although, in some cases, they're not submitted by agencies, in 57% of the cases that we looked at of board-governed agencies, their financial statements were not tabled in the Legislative Assembly within a reasonable period of time.

The new directive of February 2015 currently indicates, if it stands as it is, that there is no deadline for when a ministry needs to table that report in the Legislative Assembly. That is the biggest concern out of our report: that there is no accountability, under the current new directive, that that report needs to be tabled by a certain period of time, only that, once a minister approves it, it is tabled within 30 days. But that doesn't add clarity to a deadline as to when an annual report should be tabled when it hits a ministry's office.

So I want to clarify that because that is probably one of the fundamental issues in our report. I just want to put it on record that we think that is an important issue.

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Ms. Lisa MacLeod: I share the auditor's concern, which was my next question—and I'll be very brief. When you talk about good government bills—and we saw one, which was Bill 8—we had a clear expectation in the assembly that this was going to clear up some of these challenges. Why wasn't what the auditor is talking about, in terms of clear deadlines, included in there?

That was an omnibus piece of legislation. It dealt with MPP expenses, and greater accountability and transparency, yet here we still are today, after Ornge, eHealth the OLG—all those scandals with government agencies—with the auditor telling us that some of those 57 that were

surveyed were not meeting the deadlines. Why wasn't that in Bill 8, and how do we put forward a piece of legislation that does address this?

Mr. Greg Orensak: Good questions, obviously. I have a couple of comments and thoughts on that. I should check my recollection, but I do believe that Bill 8 was introduced in the fall of 2014. The Auditor General's report came out in the fall of 2015. So I guess we weren't prescient enough to include this in Bill 8 at the time. But like I said, if there are future opportunities for good government bills, it's certainly something we could look to advocate for.

I think the Auditor General makes an important point. I think that part of what the Auditor General has referenced is that the previous directive had clearer deadlines. That being said, the Auditor General reviewed compliance under the previous directive. So all of the reporting that the Auditor General included in her report was for a time period and a reporting period where the previous directive applied, and you saw what the Auditor General found. Just having deadlines in a directive does not guarantee that reports will be tabled in a timely basis.

The government, in its response to the auditor's report, has certainly undertaken to consider how we can improve the new directive to include time frames for tabling annual reports. But I would argue, and part of what I've been trying to illustrate and talk about is that it's not sufficient just to write into the directive. It's really important to make sure that there are practices and expectations in place to ensure that ministries and agencies follow the requirements of the directive. Those things go hand in hand, and reflect the complex world of agency accountability.

Frankly, from the perspective of the Treasury Board Secretariat, we want to make sure that we do raise the bar on accountability, and that that accountability is effective for citizens and for legislators. I think we've been trying to help provide as many tools in that toolbox as possible to try to raise the bar on all fronts. That's where mandate letters come into play, that's where the requirement for attestation comes into play and that's why we've been on this journey for a bit.

There is always more to do. I think the Auditor General's report is very helpful to us in informing the path forward.

Ms. Lisa MacLeod: Thank you, Deputy.

The Chair (Mr. Ernie Hardeman): Thank you. We'll go to the third party.

Ms. Catherine Fife: Ms. MacLeod covered a couple of questions I wanted to follow up on on recommendations 4 and 5, so I don't need to go there. But I am curious—you've said this a few times now—about rules not being enough and that it's not just about deadlines and not just about guidelines. I just want to go back to the Auditor General's point. I mean, it needs to be in legislation that ministries must table these reports if there is truly to be accountability on how these 184 agencies spend tax dollars across the province. If we truly want accountability, it can't just be a directive. If we put it in

legislation, if we make it the law, if we truly make it accountable to the law for these agencies, would it not make your job easier with the Treasury Board to actually know that these reports must be tabled in the Legislature and, therefore, posted as well?

Mr. Greg Orencsak: Obviously the force of law is paramount. The more things that are in legislation, the more solid that requirement may be. Currently, there is legislation on the books that requires 106 of these agencies to table annual reports.

The other consideration—

Ms. Catherine Fife: In a timely manner; the 106 have to table in a timely manner.

Mr. Greg Orencsak: They have a requirement to table in a timely manner.

The other consideration, Ms. Fife, that I think is important to us and what has motivated some of the changes we've made to the directive, is—we made quite a bit of changes to the directive. If you go back to that chart on page 701 of the annual report, you'll see that the directive included a whole bunch of new requirements. It's a little bit easier to change a directive, because it's one directive, as opposed to 125 different pieces of legislation.

So when we're looking to raise the bar, when we're looking to respond at the speed of business, sometimes that's easier to do through one mechanism that applies to everyone without necessarily having to go back and amend individual pieces of legislation. There's a balance to be struck there. I think we're constantly striving to find the right balance.

Ms. Catherine Fife: I'm glad that you have, on that same chart, "If agencies have failed to comply with directives and policies, the attestation must state this explicitly and explain the failures to comply." And then you've also referenced putting measures in place to ensure that there is compliance but then you said not punitive.

You can incentivize compliance. You can ask nicely; you can be polite. You can shame compliance. But if you don't want to be punitive, what are your options here? I want to know why it took eHealth Ontario 363 days past their due date to file their annual report. I want to know that. In fact, I think I actually have the right to know that information on behalf of the constituents of Kitchener-Waterloo.

Mr. Greg Orencsak: That's why I think attestations are really going to be important, because if something doesn't get done in a timely way, something doesn't get followed in terms of the rules that apply, the attestation provides an opportunity to put that information down on paper, make that information available to the ministry and, obviously, through the ministry, to the legislators, when asked.

But I agree with you. It is important to know what's going on and why things may not be happening as they should. Once that problem is identified, there is a better opportunity to remedy that through appropriate actions.

To clarify my earlier comment in terms of "punitive," it's not to say that the ministry cannot take appropriate action—

Ms. Catherine Fife: As an employer too, right?

Mr. Greg Orencsak: Yes, sure—to remedy a situation. By "not punitive," I meant that the directive itself is not punitive. It doesn't say that if someone reports an exception X, you should be taking step Y to fix that. Ministries have tools through accountability mechanisms and through transfer-payment agreements to take appropriate steps to remedy situations and, hopefully, ensure that exceptions are minimized and don't take place in the future.

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Ms. Catherine Fife: Okay. I know that the Treasury Board Secretariat sets priorities for government and informs government policy. So it's in your best interest to have these reports filed and tabled on time as well, right?

Mr. Greg Orencsak: It's in everyone's interest.

Ms. Catherine Fife: Especially the Treasury Board because it's where the money is going and how financial decisions are being made.

I point to the Ontario Trillium Foundation—let me just find it here. On page 708, the Ontario Trillium Foundation: It took 274 days for them to file their 2014 annual report. The reason I raise that foundation is because there was a significant shift in how that funding is going to be flowing from the Ontario Trillium Foundation this year. In fact, \$25 million has been pulled out and that happened very quickly.

So this is my example, if you will, of pointing to the importance—I would like to see the 2015 Trillium report so that I can figure out why this government is pulling \$25 million out of it. I'm just using that as an example.

Now, you've also referenced board governance, but also the appointees of these agencies. You mentioned something really interesting. Is the Treasury Board contemplating—you said something about having the agency chair come before Treasury Board. Or were you thinking of the Standing Committee on Government Agencies information? You did reference that, right? I didn't imagine that?

Mr. Greg Orencsak: Yes, I did say that. I said that in the context of risk reporting. One of the requirements of the new directive is that ministries work with their agencies to assess the risk that they face, to look at mitigation strategies and also to keep track of and report those risks.

That's a requirement because it's through understanding risks that ministries are best able to manage those risks. Sometimes the nature of those risks would necessitate a conversation with the ministry. Sometimes, it might help to ensure that those risks are brought to the attention of the deputy and the minister, and the minister may want to discuss those with the chair as part of their responsibility of overseeing the agency.

What we've also done is that we've asked ministries to report those risks to us, which then get presented to Treasury Board in a summary format. Obviously, Treasury Board has taken some interest, and Treasury Board has the opportunity to ask ministers and agency chairs to

jointly appear before Treasury Board and Treasury Board ministers to discuss the nature of those risks, discuss what they're doing to mitigate those risks and discuss and share their concerns about what gives rise to those risks, which, again, is a good governance practice.

Ms. Catherine Fife: I think you did mention that appointee training should be incorporated into that.

As for the budget, we went through Bill 173 clause by clause. Under one of the committees, the Criminal Injuries Compensation Board, I tried to move an amendment because I was shocked to learn that, currently, the act does not require the Criminal Injuries Compensation Board to conduct a formal capacity assessment by persons trained in capacity-related matters in order to find a person incapable or to do that assessment, and that has adversely impacted people with disabilities. We, as New Democrats, brought forward this amendment to include training on capacity law and autonomy rights and compensation, which you would think that appointees to these agencies would have some training on.

So that's what the Treasury Board is looking at: to try to modernize, if you will, or transform or raise the bar on training and capacity training for board members?

Mr. Greg Orensak: Yes, absolutely. What we do is we provide governance training to appointees to—

Ms. Catherine Fife: Specifically to the agencies that they are a part of?

Mr. Greg Orensak: Yes, to the board-governed agencies and other appointees. The nature of that training is in terms of governance, right? Board members play a particular role in terms of ensuring oversight. Board members on a corporate board or an agency board don't manage the day-to-day affairs of a particular business.

Ms. Catherine Fife: I know they're not operational boards. I understand the difference between governance and operational.

Mr. Greg Orensak: From an operational perspective, the operational responsibility rests with the particular agency and the management of that particular agency.

Ms. Catherine Fife: I was surprised because the government voted down this amendment. I'll just highlight it for you, because I think that if you're deciding compensation for victims of crime, you should have some training in how to evaluate that.

One other thing that I wanted to reference was that you referenced the mandate letters. You talked about how making the mandate letters public is a measurement of accountability. The problem that we see, and perhaps you might want to comment on it, is that making them public but then having no measurement or benchmark for success is really problematic. I agree with the intent, of course, of publishing, but if you take our minister responsible for correctional facilities, for instance, there has to be a benchmark for the measurement of success. Otherwise, it's just sort of a feel-good exercise, in our view.

Mr. Greg Orensak: Yes. I think that's an important consideration. I think we will be, again, developing guidance and best practices in terms of how these mandate letters can be effectively drafted. Part of what I think

mandate letters need to include are the expectations that a government or a minister has for a particular agency. I think the more specifics that can be included in that mandate letter in terms of those expectations, the easier it is to measure an agency's performance against those expectations.

Sometimes those expectations can be expressed in the context of dollars and cents. If it's an operational agency that generates revenue, there might be a net-income expectation. If it's an agency that serves clients, there might be an expectation in terms of how many clients or procedures the agency should be delivering on.

Something that we're working on in the Treasury Board Secretariat is around measuring and understanding outcomes in addition to outputs. Outcomes are a little bit more tricky but in some ways much more important and meaningful over the longer term when it comes to public policy. We have to be mindful that a particular outcome may be the result of more than just what an agency does. There needs to be appropriate monitoring and an appropriate understanding of what is within an agency's ability to deliver on and what else we need to watch for in the context of that delivery mandate.

Ms. Catherine Fife: Thank you. How much time do I have, Chair?

The Chair (Mr. Ernie Hardeman): You have about three and a half minutes.

Ms. Catherine Fife: That's just in time for my favourite topic, which is executive compensation. You had referenced it, I think, in your original comments.

Mr. Greg Orensak: Yes.

Ms. Catherine Fife: This is a growing concern for Ontarians. When you look at the sharp increases, despite language around austerity measures and freezing public sector wages—this is different. This is sort of colouring outside the lines on accountability, because we have seen sharp increases in executive compensation. One has only to look at the WSIB, for instance, or OPG or Hydro One—that may be different now, obviously—or Metrolinx. I mean, the leadership of these agencies has not only become multi-layered—we have some genuine concerns about that, but also setting those levels for compensation.

Where is the Treasury Board on trying to control, trying to standardize, trying to adopt—because we hear one thing from the minister, but then we read about it in the Toronto Star, everything from the Pan Am Games to Metrolinx, as I've mentioned.

Would you mind commenting on that, please?

Mr. Greg Orensak: Sure. Obviously, yet another good question.

In terms of the government's approach to managing executive compensation, it is being done through the Broader Public Sector Executive Compensation Act; it was included as part of Bill 8. What the act does is basically two things. Before we can set appropriate executive compensation frameworks—and by appropriate, I mean frameworks that are informed by appropriate public sector benchmarks and comparators—

Ms. Catherine Fife: I think the key word is “appropriate” there, so who is defining “appropriate”?

Mr. Greg Orencsak: It is ultimately up to cabinet to set these frameworks. What we're working on is how we inform these frameworks so we can provide the best evidence for decision-makers in terms of what is appropriate. Appropriateness will be a function of the labour market. The labour market will be informed by what the appropriate compensation comparators are in the public sector if—

Ms. Catherine Fife: We do hear that rationale: "Well, this person would make this much money in the private sector." We would argue the private sector is not the public sector. But then there's also the doubling down on bonuses. I think that adds insult to injury, when people are given a bonus for sticking around just to do their job.

The optics of this for everyone who is in the public sector are really poor.

The Chair (Mr. Ernie Hardeman): Thank you very much. That is the question we've been waiting for, because it's the last one.

Thank you very much for your presentation this afternoon and for helping us in reviewing this part of the auditor's report. Thank you very much for your time.

Mr. Greg Orencsak: Thank you.

The Chair (Mr. Ernie Hardeman): For the committee, we will have a quick meeting to discuss how we go forward on report writing, in closed session.

The committee continued in closed session at 1443.

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 20 April 2016

Mercredi 20 avril 2016

The committee met at 0902 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Ernie Hardeman): We'll call the committee to order. We do have an open session first. We have a motion that was tabled at the last meeting, but we're hoping that the Auditor General will be here for that discussion. She is running just a little bit late, so hopefully she'll come in as soon as she can.

But we do have another issue. The other issue was the annual conference of CCPAC. I mentioned at the last meeting that we needed to pass a motion requesting the House leaders to bring a motion forward in the House to do that.

So there's a motion out there. Ms. MacLeod, do you have a motion?

Ms. Lisa MacLeod: I move that the Chair write to the House leaders to request that a motion be presented to the House to authorize permanent members and staff of the Standing Committee on Public Accounts to attend the annual conference of the Canadian Council of Public Accounts Committees (CCPAC) in Yellowknife, Northwest Territories from August 21 to 23, 2016.

The Chair (Mr. Ernie Hardeman): That's the motion, and we have seconder for the motion, Mr. Fraser. I just wanted to point out that the staff who are mentioned in the motion would be two members of staff. I think that's the Clerk, along with the research staff member.

The funding for it is, in fact, in the budget, but there will be another motion that will sent to the Board of Internal Economy, I guess, to approve it. It's already in the budget for that purpose, but in order to spend it, because it's going out of province and so forth, we need the Board of Internal Economy's approval on that. There will be another motion to do that.

Any questions on the motion?

If not, all those in favour? Opposed? The motion is carried.

Do you have the other one out there already?

Ms. Lisa MacLeod: Yes. I move that the Standing Committee on Public Accounts approve a budget of \$32,285 for permanent members and staff of the committee to attend the annual conference of the Canadian Council of Public Accounts Committees (CCPAC) in Yellowknife, Northwest Territories from August 21 to 23, 2016.

Mr. John Fraser: I second it. That was easy.

The Chair (Mr. Ernie Hardeman): Any further questions or comments on that?

If not, all those in favour of that motion? Opposed? The motion is carried.

And with that, the timing couldn't be better. It was great to get that all done. We will proceed with the paper-work to deal with the conference.

We have another motion that we are to debate, which was tabled at the last meeting. Ms. DiNovo.

Ms. Cheri DiNovo: Everybody has the arguments in favour of the audit—I assume everybody's got those—so the motion itself is: I move that the Standing Committee on Public Accounts request the Auditor General to conduct a value-for-money audit of the Eglinton Crosstown.

Chair, should I go over the arguments in favour of that?

The Chair (Mr. Ernie Hardeman): Okay.

Ms. Cheri DiNovo: (1) With a contract value of \$9.1 billion, the Eglinton Crosstown is by far the biggest P3 project IO has ever procured, and will serve as a template for many billions of dollars' worth of future transit procurements. It is crucial to verify that IO has done this right.

(2) There were only two bidders, not three, as is the best practice. How did this affect costs and risks? What is the best practice when there are not enough bidders?

(3) The Ontario General Contractors Association and others have raised concerns about the impact of bundling all the Eglinton Crosstown jobs into a single mega-contract, claiming that this would waste hundreds of millions of dollars. To what extent should projects be bundled in order to deliver the best value for Ontarians, as opposed to serving the needs of international finance?

(4) It appears that IO has ignored the AG's recommendations in 2012 to use the actual past performance of the relevant public agency when determining the value-for-money of a P3 procurement. Instead, IO relies on a risk matrix template that was prepared by a private consultant without knowledge of the project to be procured, the relevant public agency or the private contractor.

(5) It appears that IO has ignored the AG's recommendations in 2012 that companies that prepare such risk matrices should not have an interest in justifying P3s. The current DBFM urban transit risk template was prepared by the 3M group, a founding member of the Canadian Council for Public-Private Partnerships, a lobby group founded to promote P3s. The 3M group bids

on many IO P3 jobs, and the founder and former president of the 3M group now sits on the IO board.

(6) Finally, one of the lead contractors on the EC P3 is SNC-Lavalin, which faced a 10-year ban on bidding on federal projects if convicted of RCMP bribery charges related to the McGill mega-hospital P3 in Quebec. The president of SNC-Lavalin said that such a ban could be fatal for the company. In December, the federal government agreed not to impose a ban, despite the ongoing charges. This was one month after IO signed the EC contract with SNC-Lavalin as a lead partner. Were the risks of partnering with SNC-Lavalin factored into IO's decision?

These are the reasons given behind the motion that I moved. Thank you, Mr. Chair.

The Chair (Mr. Ernie Hardeman): Okay. You've heard the motion. Further debate? Mr. Rinaldi.

Mr. Lou Rinaldi: I'm not in support of the motion, just for some reasoning that I will take a minute to explain. There was a value-for-money audit already done, conducted by Ernst and Young. It was published just a few months back, in February 2016. A hard copy of the document was included in the package from Metrolinx provided to committee members in public accounts. It's available online through the Infrastructure Ontario website.

The value-for-money assessment was based on a comparison of the total project costs of the Eglinton Crosstown LRT project and the traditional delivery approach in the AFP. The assessment demonstrated an estimated value-for-money cost savings of just over 22% by using

the AFP approach to the delivery of the project. Metrolinx has continued to give us some feedback.

I don't see the rationale three or four months later of going through the process. Those are the arguments. I cannot support it.

The Chair (Mr. Ernie Hardeman): Further debate? If there's no further debate, I'll put the question. All those in favour of the motion?

Ms. Cheri DiNovo: Actually, just one last word on the subject, Mr. Chair: I essentially don't see what the government is afraid of here. If they really do stand behind the financing and the procurement with the Eglinton Crosstown, then why not let our Auditor General look at the books, basically? That's really a simple request for transparency of a government that claims it is transparent.

With that, absolutely, put it to the vote.

Mr. John Fraser: Just one comment: I think what my colleague MPP Rinaldi is saying is that this work has been done. We don't think that this work—you know, it's there. It's publicly available. People can see that. As a committee, deciding that what we want is a value-for-money audit—we don't think it's the right to do. Of course, there's discretion that exists in there with the auditor. I just wanted to rebut that point.

The Chair (Mr. Ernie Hardeman): Okay. Further discussion? If not, all those in favour of the motion? All those opposed? The motion is lost.

Okay, with that, that concludes the open portion. We'll go in camera to start the review.

The committee continued in closed session at 0911.

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Official Report of Debates (Hansard)

Wednesday 4 May 2016

Journal des débats (Hansard)

Mercredi 4 mai 2016

Standing Committee on Public Accounts

2015 Annual Report,
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Comité permanent des comptes publics

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 4 May 2016

Mercredi 4 mai 2016

The committee met at 1233 in room 151.

2015 ANNUAL REPORT,
AUDITOR GENERAL

MINISTRY OF EDUCATION
HAMILTON-WENTWORTH
DISTRICT SCHOOL BOARD
TRILLIUM LAKELANDS
DISTRICT SCHOOL BOARD
YORK CATHOLIC
DISTRICT SCHOOL BOARD

The Chair (Mr. Ernie Hardeman): I call the May 4 meeting of the public accounts committee to order. We're here this afternoon to deal with section 4.03 of the 2015 Annual Report of the Auditor General of the province of Ontario. We have a delegation here this afternoon from the Ministry of Education, Hamilton-Wentworth District School Board, Trillium Lakelands District School Board and York Catholic District School Board. We thank you all, first of all, for coming in.

We apologize for the lateness of the hour that we got here. All of a sudden my political training came into play and they told me that you can't make a grand entrance if you're the first to arrive, so I wanted to make sure that everyone was here before I came in. We apologize. The House did go a little bit longer at noon than was expected.

We thank you for coming in. We will have 20 minutes for your presentation. We will then start questions in 20-minute rotations through the three parties, starting with the official opposition. With that done, in the second round we will then divide whatever time is left in the same rotation with the minutes that are available.

With that, thank you again for coming here, and the floor is yours.

Mr. George Zegarac: Thank you, Mr. Chair. Good afternoon. I'd like to start by introducing the senior ministry officials and our school board representatives who have accompanied me here today, but I'll start with myself first: I'm George Zegarac, the Deputy Minister of Education here in Ontario. To my left is Denise Dwyer, the assistant deputy minister, leadership and learning environment division. Also, I noted, when we put forward our list, Eileen Silver, director of the safe schools and well-being branch, who will come up to the

panel at times—and Eileen is right behind me. We have, to my right, Manny Figueiredo, the director of education for the Hamilton-Wentworth District School Board. To his right is Patricia Preston, the director of education for York Catholic District School Board. To her right is Larry Hope, the director of education for the Trillium Lakelands District School Board. It's our privilege to be here. It's a hard-working, committed group of individuals, along with our ministry staff and our partners who are so dedicated to our education system and moving this agenda forward.

I'd also like to thank the panel for the opportunity to provide an update on the ministry's activities as they relate to the Healthy Schools Strategy, specifically our healthy eating and physical activity policies, and the Auditor General's four recommendations. As I noted for the Auditor General, we take these recommendations very seriously.

As you know, the Ministry of Education is committed to the well-being and achievement of every child and every student in Ontario. That is why promoting well-being has been elevated to one of the four interconnected goals for education, along with achieving excellence, ensuring equity, and enhancing public confidence, as laid out in *Achieving Excellence: A Renewed Vision for Education in Ontario*.

We at the ministry are fully committed to supporting all of the children and students to make healthy choices, and we continue to do a lot of great work on this front to help schools make the culture shift. Much like the challenges faced by our colleagues at the Ministry of Transportation, who first introduced seat belt laws in the 1970s, and our colleagues at the Ministry of Health and Long-Term Care, who continue to work towards a smoke-free Ontario, we are facing a long road to change established behaviours and attitudes towards healthy eating and physical activity.

Like all other jurisdictions in Canada with healthy eating and physical activity policies in their schools, our efforts to change the culture in schools has many challenges. The Healthy Schools Strategy involves everyone: from government, to schools and educators, to parents, to children and students, and to communities and partners working together. Our partners include organizations such as the Ontario Physical and Health Education Association, OPHEA, and public health units, which support us immensely through on-the-ground support and hands-on resources and training.

In addition, our sister ministries are critical to the success of the Healthy Schools Strategy. The Ministry of Health and Long-Term Care's Healthy Kids Strategy aims to improve children's health and well-being through new and existing programs. The Ministry of Tourism, Culture and Sport's after-school program aims to help children and youth get active, develop healthy eating habits, gain confidence and do better in school. The Ministry of Children and Youth Services' student nutrition program helped to provide nutritious breakfasts, snacks and lunches to almost 848,000 children and youth in schools last year. Working together, we create a positive culture of well-being in our schools.

This past September, we updated our health and physical education curriculum for all students. In this curriculum, we have a healthy living strand, which covers a broad range of topics. This includes ensuring that students understand the factors that contribute to healthy growth and development and are able to apply this knowledge to make decisions about their own well-being.

To support their learning in the curriculum, in 2011 we implemented our school food and beverage policy. This policy requires all food and beverages offered for sale on our school premises to meet the policy requirements, including the nutritional standards. While the policy has been challenging to implement, we do have many success stories. For example, in six schools in Toronto, FoodShare has successfully implemented Good Food Cafés that serve food prepared using locally grown fruits and vegetables. The cafés charge about \$3 to \$4 per meal and serve more than 400 students every day. These successful cafés demonstrate that you can make food that meets nutritional standards and that students will buy.

Physical activity in schools also remains a priority for the ministry. In 2006, the daily physical activity policy came into effect. This policy requires school boards to ensure that all students in grades 1 to 8 have a minimum of 20 minutes of sustained moderate to vigorous physical activity in each school day during instructional time. But I do know that the DPA does not have any evenly applied policy throughout the elementary schools.

1240

Since we know that this is important to our children and students—to be active during the school day—our approach to physical activity in schools needs to change. This being said, there are classrooms in schools throughout Ontario doing wonderful, imaginative and innovative things to increase physical activity while implementing the policy. For example, in the Simcoe County District School Board, there is an innovative program called NumerArtsy to help students learn math through physical activity. Every day, students skip, hop, run or choreograph dances in their classroom. These activities, while providing movement, also help students to learn basic numeracy and explore symmetry and patterns.

We know that there have been implementation challenges with both the DPA and the school food and beverage policy. With this in mind, and as communicated

to the Auditor General in our report back, we are working closely with our partners to review the policies. Currently, we're going through environmental scans and consulting with healthy school stakeholder groups, and we'll be connecting with school boards to help us improve both policies.

We're proud of the work that we are doing to promote the well-being of our children and students, but the school-based policies are just one component. We know that there is still more work to be done, but we are determined to meet this challenge. By being persistent, focused and working together, we can continue to build healthy learning environments for our children and our students.

I want to thank you for the opportunity to respond to the Auditor General's report. Now, with your permission, I'm going to turn it over to the school boards to give a little more detail as to what's happening at the school board level.

I think I'll turn to Manny first, from Hamilton.

Mr. Manny Figueiredo: Thank you for this opportunity to provide a summary of Hamilton-Wentworth District School Board's efforts in implementing the ministry's Healthy Schools Strategy, specifically the Auditor General's recommendations within the areas of healthy eating, daily physical activity, communication with parents and co-operation with ministries and partners. With respect to all these important recommendations, we understand the importance of creating processes and tools that measure and monitor compliance, as well as monitoring learning that leads to changed behaviours and beliefs, which is more challenging but vital.

With respect to the healthy eating recommendations, our purchasing department has developed a new process for monitoring compliance of our nutrition policy. Our target is to have all secondary schools completed by 2017 and to begin elementary schools in the 2017-18 school year.

We are also developing a focus group to capture additional data on the benefits and challenges of implementing our nutrition policy. School administrators have also received training at our March principals' meeting on our nutrition policy. This information was then shared with educators at school staff meetings and learning sessions. Looking forward, we are including nutrition policy in training for our new administrators as part of our formal mentoring program and we are developing a survey compliance tool that will request confirmation of key compliance indicators in our nutrition policy, which is that all food sold to the students outside at special event days will comply with the standards as outlined in PPM 150, in our nutrition policy.

With respect to daily physical activity recommendations, we are assessing options and opportunities to bring exemplary practice to our teachers and we are offering job-embedded and after-school training through a network model facilitated by our consultant. We are also recognizing the importance of DPA training as part of our new teacher induction program and providing digital

tools that are accessible and provide a range of options for our educators and students.

We have also made a concerted effort to meet with our parent involvement committee. They have provided advice on the best communication formats and tools to reach out to parents. In addition to parents as partners, we have also developed key partnerships to support training resources and measurement with Start2Finish and their 20/20 Challenge, as well as involvement in the Healthy Kids Community Challenge with public health.

In summary, we are taking the Auditor General's recommendations seriously and will be moving forward with our implementation.

Mr. Larry Hope: Good afternoon. Thank you, Mr. Chair and the committee, for having us here today. We appreciate the opportunity to share our key areas of improvement, or the areas that we have made significant changes in over the last number of years as a result of the Auditor General's report.

I'm happy to report to you that our efforts with regard to compliance with PPM 150, the school food and beverage policy, have been enhanced at both the elementary and secondary level. We're very pleased with what we're seeing there, and we're happy to share some of the details later.

We established a healthy schools advisory committee in 2014, which has taken a very holistic approach to this whole thing of student nutrition, quality daily physical activity and healthy living. We focused on school nutrition programs with this group; quality daily physical activity, as I said; and we've enhanced communication with the home and the school.

We have significantly enhanced training and support for our schools through establishing the healthy living consultant role as well as a healthy schools lead in every single one of our schools. They are responsible for a number of things related specifically to sharing and professional development for our school-based staff.

We've enhanced our data collection, and we've made decisions based on the data that we have collected. As an example of that, I offer that we have, so far this school year, served about 900,000 meals to our elementary-aged students across the district. That is significant in that every single one of those meals has been signed off on—not individually, but collectively—by the nutrition coordinators, as well as the dietitians who work very closely with our schools. We have identified, through this kind of data collection, the need for additional resources, i.e. money, to support feeding students at school. We've made significant progress there.

We have dramatically increased our involvement with outside organizations to provide opportunities for students. Most notably, our district looks after Haliburton, Muskoka and the Kawartha Lakes. You can well imagine the outdoor providers and the opportunities that exist for young people to participate in physical-activity-type events. We've developed a wonderful menu. We have been monitoring daily physical activity levels through surveys at the school level and through monitoring of

school timetables, ensuring that students are in fact time-tabled into those opportunities. But we've also been sharing wonderful examples of opportunities to incorporate physical activity into the daily schedule without necessarily being in a gymnasium, per se.

We've supported the implementation of policies and procedures related to concussions, as well as Ryan's Law and Sabrina's Law. We've provided specific support materials for our schools, for our front-line workers, to be able to help them implement these policies and procedures in all of our schools. We have increased and enhanced our participation with OPHEA, particularly as it relates to safety guidelines. The guidelines that are available to us are not always widely known by individual staff and schools. We've done, I think, a really good job of ensuring that they know what the guidelines say and what the guidelines recommend.

We have increased communication dramatically between school and home and between board and home. I offer to you the package that we put in front of you as just a very small sample of some of the things that we've attempted to do to reach out to engage moms and dads and caregivers across our district in helping them build their knowledge and understanding of healthy living.

We've enhanced partnerships with health units, nutrition coordinators, outdoor education providers, as well as organizations such as Boys and Girls Clubs and children's foundations in our communities and those types of organizations that share this interest in helping young people develop healthy lifestyles, healthy habits and a better understanding of what it means to make healthy decisions.

We are, as my colleague from Hamilton-Wentworth said, very committed to ensuring that the Auditor General's report and the recommendations are taken seriously and that we respond appropriately to them. We also know that this is a journey; this isn't something that we do overnight. Like any large-scale change, when we attempt to change behaviours or we attempt to build knowledge, it does take us time to do that.

I think, as an opinion in this, we should be very proud of the work that's happening in our schools. We should be very confident that we are making a difference and that we are having an impact on students and their lives.

Ms. Patricia Preston: Good afternoon, everyone. Thank you very much for this opportunity.

The York Catholic District School Board serves 55,000 students from kindergarten to grade 12. It operates 105 schools in nine municipalities across York region and is consistently one of the top-performing boards in Ontario.

We continue to work at connecting initiatives in healthy eating, daily physical activity, mental health, and well-being to support our schools in providing a healthy environment. Research has shown a connection between increased levels of physical activity and improved academic achievement, concentration and the ability to cope with stress. We also know that students learn best when they're well nourished, as healthy eating is linked to better school attendance and therefore student success.

To support our goals, York Catholic has developed policies which have guided our board's improvement plans in the area of student well-being, and hired a full-time health and physical education consultant to lead training, to build partnerships, to create an additional qualification course in physical education, and to develop a curriculum website.

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We have also implemented a comprehensive mental health strategy. We've impacted positive change in our secondary schools' cafeterias by capturing student voice through school climate and exit surveys. Healthy school committees have been established in all of our schools. This year, the board applied the healthy school funding for in-servicing school teams on the revised health and physical education curriculum.

We continue to partner with various municipalities as well as public health to implement healthy living programs such as "My Healthy Lunch Challenge," "Healthy Kids Community Challenge" and "Swim to Survive." We know that stakeholder communication is vital. Memos are sent regularly to update healthy eating concepts and DPA to our staff. Parent newsletters from York region public health are shared regularly. School and board websites offer a number of valuable resources that parents and staff can easily access.

We know that student well-being is best achieved when all of the partners are working together: the ministry, school boards, community partners, staff, parents and parish partners. We know that our message of healthy eating and physical activity is resonating with our students, and I look forward to sharing some of those examples with you today.

The Chair (Mr. Ernie Hardeman): Thank you very much. That's the end of the presentations. We will start with the questioning. Ms. MacLeod?

Ms. Lisa MacLeod: Thank you very much, Chair. Thank you all for coming in here today. I must admit that when I was looking at the auditor's report I was really disappointed that many of the recommendations had gone unfulfilled or there was a lack of implementation. But then—and this might surprise you—I started to consider some of the challenges that you might face, as school boards and as a ministry, dealing with the complexity of this.

I think you've alluded to a couple of things that strike me as—first of all, it is a culture change and it's a mindset change. When my generation went through school, that's when hamburgers and fries first started. I don't want to date myself, but I'm getting older myself and I remember that. It was okay. I think that was the Shake 'n Bake era sort of thing. Mums and dads were starting to struggle; you started to see both parents in the workplace, and everything was about convenience and affordability. I'm a parent myself now. A few of us earlier were talking about this, about the complexity there because you have to deal with parental responsibility as well: making sure that mum and dad know what healthy eating is, and then: Can they afford healthy food?

Then you're dealing with students right across the province at two different levels—one in elementary and the other is secondary—and of course you're looking at physical and emotional health and how they eat. I started to actually be much more sympathetic toward all of you—I'm getting more sympathetic in my older years too, my colleagues will tell you—but I started to regard that.

Maybe what I would like to ask of the three different boards at the moment: What are your biggest challenges? Ministry officials mentioned that there were challenges, but I'd like to hear it from you, the closest to the ground. What are the biggest challenges for an elementary school to adopt some of these criteria?

Don't all speak at once. They can't deal with that at Hansard.

Mr. Larry Hope: I'm happy to respond. I appreciate the use of the words "helping parents know" when you were introducing your comments. For us, one of the great challenges is: How do we ensure that we are getting the right messages out, and, more importantly, how do we know that they're being received? Certainly, as the Auditor General's staff was working with us, that was one of the great challenges that was identified, and that is the metrics of knowing whether or not it makes a difference or not. We really don't know how to get at the very bottom of that issue. We've said it and we've put it out—as you can see in the package, wonderful examples of how to support your youngster and all the rest of it—but we don't always know that they've gotten the message clearly.

It also, I think, shows itself in the choices that parents make. Lots of times, while we don't ever want to hold our parents in judgment, we do pay attention to the habits and the trends that are in our schools. If I could make an observation, I would say that our school principals and school staff would say we're seeing far more examples of nutritious lunches coming in, for example.

Ms. Lisa MacLeod: Oh, really?

Mr. Larry Hope: The events that are being held in our schools are serving much more nutritious kinds of snacks and foods than we might have had seven or eight years ago when, yes, I dare say, it might have been french fries and hot dogs and hamburgers.

Ms. Lisa MacLeod: Does anyone else have anything to add on that—what the challenges might be?

Ms. Patricia Preston: Well, I understand what you're saying when you talk about the challenge. I'm thinking how, often in the past as well, our students have been the leaders. I'm thinking of the environmental issues. The students brought to light the fact that we should be doing more recycling, and became the ambassadors in the schools. We're starting to see that with some of our students, as well, as we get more information out there and they become involved not only with school events but also community events where there are challenges to eat healthily or to be involved in physical activities, whether it's the run around the pond or something at the school level. So I think the partnerships are helping us with this.

I guess one of the challenges that we have felt as a board that has a number of very large schools is often the space. There's only so much time for the gym so we had to be creative to get the kids outside and to be integrating more of the physical activity in the math program as well. I see us moving forward.

I guess a lot of our evidence at this point is just anecdotal from some of the stories we hear. I was talking to the mom of a four-year-old a while ago, and she said, "Really, I can't take the pressure. He's telling me now I have to have protein for lunch. He's telling me now when I pack my lunch"—

Ms. Lisa MacLeod: But then they don't eat it. You can send it; it doesn't mean they're going to eat it.

Ms. Patricia Preston: Maybe that's why she was frustrated and brought it to my attention. I'm not sure. Thank you.

Ms. Lisa MacLeod: We can just all send it over to Mr. Milczyn. He does his job.

Interjections.

Ms. Lisa MacLeod: Did you have any comments?

Mr. Manny Figueiredo: Thank you. I think the greatest challenge is really about modelling behaviours. We know that what precipitates changed behaviours is new knowledge, but the opportunity we're seeing now in our elementary schools in terms of nutrition is that our nutrition programs are really modelling for kids that you can have healthy choices that are affordable and that also taste okay.

We've seen that shift in our elementary schools in terms of our nutrition bins and programs and snacks. Kids are now seeing that there are affordable snacks, and we're trying to model it. I think that is really our greatest challenge: that adults need to model what's expected for the youth.

Ms. Lisa MacLeod: Well, I have so many more questions but I do want to split my time. I'm going to ask just two quick ones to the deputy, and I'll ask them very quickly together.

We have just three boards here, and so I want to talk about where you see them in terms of the implementation of these recommendations, what their challenges are, and then, finally, what are the other boards doing? How are you monitoring that in terms of compliance, particularly with respect to vendors that are in the schools?

Mr. George Zegarac: I think these boards are representative of the movement that has actually occurred. I think they've acknowledged that seven or eight years ago, we weren't where we needed to be. We've shown tremendous improvement.

They've shared with me, even with respect to responding to the Auditor General's report, the fact that they grouped together and shared what was going on was beneficial to them. We've actually been trying to do that as a ministry as we've visited a number of boards. We've now visited all but 25 boards to review, and we plan to visit the remaining 25 boards. And as we visit, we actually share the effective practices that we've been exposed to. So the same experience they had in terms of

sharing good, effective practices in taking up some of the ideas of the other boards, we're actually trying to do that.

We put grants out in 2014 both for physical activity and for healthy eating. Those were individual projects that were applied to by boards and had student and parent involvement as well. We're actually evaluating each one of those to say, "What's working?" We have third-party researchers that will be reviewing that material and will be sharing those effective practices going out.

Ms. Lisa MacLeod: Excellent. I have many more questions for you but we don't have time.

Mr. George Zegarac: We're here for a couple of hours.

Mrs. Julia Munro: Thank you very for coming. At the outset, I want to really date myself by saying that I appeared at the public hearings for Living and Learning that was done back in the early 1990s. One of my comments there in my submission was that as a teacher, what I needed was a child to come well rested, well fed and emotionally stable, and I could guarantee at least close to being successful in that child's academic work, if that was the raw material I got. I'm sure you would agree that it hasn't changed. What has changed is things like a very crowded curriculum.

1300

I have three things that come to my mind as obstacles for you: the crowded curriculum, the question of the funding—nobody has talked about that, and I think it's an important thing to talk about—and the third, your parent partners, parental involvement. So those are my three issues that came at first blush, and I would appreciate your response to them.

Mr. George Zegarac: I'm going to start, and then I'll turn it over to my colleagues from the school board.

On the curriculum, we've heard this issue before. One of the things that I think people are unaware of is, when we, for example, looked at the 20-minute policy, we worked with teachers and looked at timetabling to make sure it could actually work. The issue is trying to train all the teachers and get that knowledge into each of the classrooms. Having that experience, you'd be aware, it is—we've had turnover of teachers. We have to get out to teachers and explain how that fits into the curriculum, how you can integrate it into other lessons, and we've had great experience from various boards as to how they've done that.

We've continued to increase our funding for school boards. I think the school boards would be best suited to talk about the impact on revenues. Revenue from cafeterias is only a small part of that, I would say.

Then, with the parents, that's one of the big changes that we're all trying to get to. Even in my own family, my two sons are well past it, but when they were in high school and we started this, they were the ones stopping and holding me up in terms of shopping and looking at the labels, which was great. I think that's slowly getting there, as Pat mentioned. I was at environment during the years when the Blue Box Program started. It took time, but it was the youth who actually started to educate their parents on this. I think that's happening now.

One of our great successes: As part of our student success program, we started high skills majors in high school. We started with six; we're up to 19 now, I think. One of those original six was culinary. It is the most popular high skills major in all school boards. If we're going to actually change behaviours, getting them to cook healthy is the starting point, and they're doing a great job.

We're going to work with them. I've said that one of the other things school boards have experienced—and I know from reviewing school board plans that two things have made a big difference: giving students a voice so they're actually involved in talking about what types of foods they would like to see in their schools; and giving them choice. For example, I was at George Brown College, and in their culinary program, they were working with the TDSB to create new menus that would be enticing and nutritious. So we need to give them a voice and a choice. That's making a huge difference.

I'm going to turn it over to the boards, if they want to elaborate on those three questions.

Mr. Manny Figueiredo: In terms of the funding: The ministry's support in terms of the money we receive for Swim-to-Survive, even our outdoor education funding, provides us with a great opportunity to support the daily physical activity. We know that 20 minutes of DPA, as my colleague said, doesn't happen in the one gymnasium you might have in your elementary school; it happens in different learning environments. The ministry has been very flexible to say, "What are the outdoor spaces we have, and how can we use some of that outdoor education funding to complement and supplement that piece?" So that's one piece I wanted to speak to.

I did want to speak to the crowded curriculum. I would say that the curriculum, right now, with the overall expectations, actually gives us flexibility at the local level to say that those are the real drivers of our curriculum. If you look at the overall, there are multiple opportunities for us in elementary schools to integrate so our subjects are not taught in silos.

Ms. Patricia Preston: I just want to comment on parent involvement, because we know how important that is. We do have healthy schools committees in our schools. On many of these committees, we have a parent participating. If we're not fortunate enough to do that, we take it back to the Catholic school councils and get input there.

We find that parents are coming into the schools for different kinds of things now. It's not always just to sell the hot dogs and the kinds of things that they used to do. They're involved in organizing fitness nights for parents and students, walkathons, activities that get the students out biking and walking as a group. That has been positive.

When we first had the change with our cafeterias, we did see a drop in revenue; that's for sure. They were looking for the same things.

Ms. Lisa MacLeod: Is it coming back?

Ms. Patricia Preston: It's coming back slowly, but we are on the upswing now. The key to that bit of success

that we will continue was getting the voice of the students. We wanted to know why they were—well, we guess we knew we weren't serving what they wanted, but what would work for them. We talked to them and they were looking at not just the food but a more welcoming environment, where they were comfortable with their friends and where it wasn't noisy and they could have an opportunity to have a book or a laptop. They gave us input into the kinds of foods they would like and then we looked at those foods in terms of compliance. How do we order baked fries? How do we offer pizzas that do comply? That has made a difference.

Also, at some of schools, we run a hospitality program and the students work with a chef. They take input from the students in the school, they prepare the foods and they sell the foods at lunchtime. We're finding that student engagement is making a big difference there.

Mrs. Julia Munro: That's good.

Mr. Larry Hope: So I would say, with regard to the crowded curriculum, there is no doubt there are a finite number of minutes in a day, but I will say that I believe our teachers are masters, as Manny said, at integration. They find and create ways to integrate various subjects together so that things are not seen necessarily as a silo or a stand-alone by themselves.

The other really exciting part about this is that I believe we're at a time where teachers are hungry and excited and happy to find ways—there is so much good research out there that speaks to the value of physical activity, as you said earlier, and how it relates to how a student can learn and function throughout the day.

We know that through our training opportunities we've been able to increase our teachers' and our support staff's capacity to be able to take the fitness moment throughout the day. It doesn't have to necessarily just be, as I said earlier, in a gymnasium.

The funding issue is also a fairly complex one and it's one that we've had to manage because as much as we may have kidded a little bit about the good old days of selling the hotdogs and the chocolate-covered almonds door-to-door and those kinds of things, that truly has been an expectation of our parents and our communities, so we've had to work really closely with them to help them identify alternatives to raising funds. That means everything from—it's spring; you're seeing seeds being sold right now, for example, and magazines, those kinds of things.

Where we may have historically relied on revenues from a cafeteria to support school programs, they've had to be creative. Again, our schools are masterful at being creative and finding new and alternative ways.

With regard to parents as partners, this, I think, is a journey for them too. You heard a couple of examples of young people influencing our behaviour as adults. Whether or not they actually eat what we provide for them after they've talked about it is another thing. However, our parents, we do find, are more and more engaged through our district school council, through our schools councils at the school level in finding alternatives to the

fundraising and finding healthy alternatives for young people in our schools and in making those things happen on a day-to-day basis in our schools. We see that every day in our schools.

Ms. Lisa MacLeod: Do we have any time, Chair?

Mr. Ernie Hardeman: Three minutes.

Ms. Lisa MacLeod: We have three minutes? All right. I have some questions here.

I think that the question I would ask is: Has the ministry considered options for increasing the physical activity of students at the secondary level? I think we're focusing a lot on the elementary level. Obviously, I have an elementary student so I'm more interested in that, and I spend a lot of time in elementary schools. But in terms of secondary schools, I think that you're looking at a whole different set of challenges where there is less parental responsibility, and when you have those kids between the hours of 8:30 and 3 o'clock, you really have to make every second count.

Mr. George Zegarac: Right. I think the strategy is multi-pronged. It is the elementary because if you're going to change behaviour, you have to get to them early, but we can't forget about the secondary school students.

Let me talk about daily physical activity. There is a mandatory phys ed course; many take more than one. What we want to do and one of the things we're trying to do is encourage club activity, physical activities, intramural sports, because that has increased over time and it makes a big difference. We know kids generally don't wake up and say, "I can't wait to get to school and go do math," but they do engage around those other activities. So what we are trying to do is to create the opportunities for them to be engaged at that secondary school level. As I said, even in the culinary program, we created that opportunity for them, not to get educated by sitting in a classroom and reading about it; they were actually producing healthy foods. So trying to find—

Ms. Lisa MacLeod: Yes, that's magnificent, actually.
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I'm wondering, and this is a quick follow-up: With respect to that, are you doing more integration with other ministries and outside agencies? One of the ones we had recently come here was Michael Smith and Half Your Plate, in terms of vegetables and that sort of thing. I'm wondering: Are you working with any of them to integrate them?

Mr. George Zegarac: Yes. We have multiple partners. I have Eileen Silver here, who can maybe speak to some more details. At local levels and at the provincial level, we work with OPHEA. We work with our public health units, who have been a big partner in addressing this. We've also had celebrities, like the Jamie Olivers, who have, quite frankly, given us a champion on some of this and have worked with school boards.

We have many, many partners. I think the school boards can speak to some of this because they've had local chefs and others who have really been—and that's what we need. It is a community change. It is a culture change that is not going to occur just at the school. I

think everybody has been trying to reach out to those partners.

Maybe I'll turn it over to the school boards on that, if you don't mind.

Mr. Larry Hope: Sure. I would say to you that it's not just about the phys ed piece for us in our secondary schools; it is also about the other habits that go along with healthy living. We consistently see the grade 9 food and nutrition course being oversubscribed in many of our secondary schools, which is great to see. Obviously there's an interest there. We also see—it's TFJ, I apologize for the acronym, which is hospitality and tourism, being one that is also heavily subscribed in most of our high schools.

The Chair (Mr. Ernie Hardeman): If you could just hold it there, that may fit the next question. We now go to the third party. Ms. Fife?

Ms. Catherine Fife: Thank you very much. Thanks for being here today. It's really interesting to be here at this place right now because we were both former trustees. When this policy rolled out, I remember being a trustee, and we were trying to figure out how we were going to make it work.

I'm the finance critic and so I like to always talk about money. The auditor found that the ministry had spent \$7.8 million over the three fiscal years from 2012 over to 2015, and prior to that, \$5.8 million, beginning from 2009, so in total, almost \$14-million-plus over those years, which, in education these days and in our current fiscal environment, constitutes a fair amount of money.

I'm trying to figure out where this money went, because I know that the ministry had introduced the secondary school grants program, and that totalled \$3.2 million. Now you've hired an external party to evaluate whether or not those grants or those projects will help those respective school boards across the province meet the objectives of the ministry. I'm wondering why the ministry is not able to do that evaluation itself, and so the rationale for hiring additional consultants, because it ultimately is the ministry's responsibility; right?

That's to the deputy minister. Can you explain a little bit more about the money perspective?

Mr. George Zegarac: Yes. I'll speak to some of the money. As you mentioned, in 2014 we had two groups of grants—and I'll get Eileen to talk about the activities before that. We had \$1.3 million that went to our physical activity in secondary schools—we call it physical activity in secondary schools, which is PASS. We have acronyms for everything in education.

Ms. Catherine Fife: Yes.

Mr. George Zegarac: There was up to \$20,000—there was \$1.3 million in total, and it was looking at what we could do to increase activities at the school level. The healthy eating grants were \$3.2 million in 2014, up to \$50,000 per project. In each of these, we did have evaluations and, to a certain extent—here's the dilemma: If we evaluate ourselves, we get criticized for being biased. To a certain extent we want some third party, so we got Charles Ungerleider, who is a well-known re-

searcher. He used to be a deputy minister in another province. It's a small fraction of the cost, but what we want to do is to have the discipline in terms of the right research questions to say, "What's effectively working?"

I ran the student success program, and we had what we called lighthouse projects back then. They were similar to these. They were pilot projects, to talk about what could work to get our kids to stay in school and to graduate. Quite frankly, it was those lighthouse projects, just like these pilot projects, that helped us define some of the most effective instruments to get kids to stay in school and stay engaged. The high-skills major that I talked about that was so successful came out of that, and out of that research.

So we need to do some of that, and we need to have some critical eyes. We do have staff who evaluate this, so it's not that we don't. But we do bring in third parties at times to validate, to make sure that we're being objective in terms of the evaluation.

Ms. Catherine Fife: So what I'm trying to get to is that—so this report is going to come out in June?

Mr. George Zegarac: Yes.

Ms. Catherine Fife: Because we have to decide what we're going to do, because the non-compliance has been long-standing. That's what the Auditor General's report came out—and then also the review. There's a number of factors here. If you're a researcher and you look at little or no progress, despite the success, despite the fact that school boards have been very creative and innovative in trying to adapt to what continues to be an inundation on local school boards from the Ministry of Education—not to say that this program is not incredibly important.

I reference the grants in particular, the granting program, because we know that the schools that are really effective in applying for that grant—that granting program is also somewhat problematic, if you will. It's the schools that are incredibly well organized and have the dedicated resources to apply for grants—the most successful schools are the schools that have the most resources to apply for the most grants. Has the ministry considered a more equitable way to support schools, going forward, to implement the Healthy Schools Strategy?

Mr. George Zegarac: To clarify, the grants are only a part of the funding. We have our GSN funding, which is the general funding. Many of our boards—I'll let our boards speak to this—use the general funding to do this. They don't have to do applications to actually dedicate some funding towards these activities. Many boards have done that. They haven't just solely waited for the application process to move forward.

I don't know if any of the boards want to speak to this.

Mr. Larry Hope: Sure. Certainly, in our instance—I'm sure as a former trustee, you would appreciate this—our trustees, our elected folks, have said to us on an annual basis, "We want a pot of money put aside for schools to come forward for enhancement types of activities." Much of that is tied to what the staff in the schools want to undertake related to a myriad of things. Many of

these things relate specifically to outdoor education-types of activities, where teachers and support staff can get kids outside and involved in those kinds of things that help encourage a healthy lifestyle.

In addition to that, we've all been given outdoor-education-specific funding. The really exciting part about this is that it's not being used to purchase equipment; it is being used exclusively to get kids outside. Much of that is project-based or application-based. Certainly, in our board, we ask the staff to come up with their ideas. Rather than saying, "You're all getting \$1,000 or \$2,000 or \$3,000 per school," we say, "Come to us with the very best ideas you have."

I understand what you're saying about being well organized, but I would say to you that we are not seeing a preponderance of the really well-organized schools getting the money. It is actually very nicely spread across.

Ms. Catherine Fife: But I think you would agree with me, though, that up to \$50,000 is a lot of money at the local school level.

Mr. George Zegarac: Eileen could just finish the answer, because Eileen has some background—she's our director for the branch—as to how we actually supported some of those smaller schools with our grant funding.

Ms. Eileen Silver: Our process for receiving the grant applications was such that we really emphasized that we wanted a broad range of boards applying for the funding. We encouraged each and every board—and they got more points, so to speak, in our application process, if they were partnered with third parties. We had third parties like FoodShare, like CUPE, all kinds of organizations that did have the expertise to work with some of those smaller boards so that their applications were sufficient and comprehensive. We did approve small, medium, large, rural, urban, French, English boards. We were very cognizant of wanting to get the full range of the province involved in this project.

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Ms. Catherine Fife: But it is an application process, right?

Ms. Eileen Silver: Correct.

Ms. Catherine Fife: So on page 608 of the Auditor General's report—the ministry has made a commitment to actually build capacity, right? That's what you've talked about doing, and there's been some funding to apply for that. It says, "The ministry continues to make resources available to teachers and administrators on how to implement the policy, and in March 2015 it announced it would provide school boards with \$6.4 million for"—actually, that's this year's school year—"to promote students' well-being."

I remember when the legislation changed, where school boards had the responsibility for well-being. But, the definition of "well-being" is hard to measure, obviously. So I'm wondering: Has the ministry given any—because that's the missing piece, I think, here. It's a very subjective thing, what constitutes well-being, especially in what—I would agree with Julia. The curriculum is

incredibly crowded, and the tension in a classroom in the province of Ontario to try to find those 20 minutes, despite the creative options, is very real. It's a very real tension between that.

School boards could choose to use some of this funding for training purposes; that's from the Auditor General's report. So \$6.4 million went out. School boards could choose to use some of this money for training purposes. That's a lack of accountability, as far as I'm concerned. I want to make sure that the ministry—my question is to the ministry: How are you ensuring that when that money gets down to the school boards, who, quite honestly, can find lots of creative options with that money—is it enveloped? Is it tied specifically to the Healthy Schools Strategy?

Ms. Eileen Silver: Yes. Those funds—

Ms. Catherine Fife: And you make sure that that money gets spent in that way?

Ms. Eileen Silver: Yes. Those were application-based funds that were provided. There were interim reports required of the boards, and final reports. And, as you mentioned, we have a consultant in place right now, actually, who with our staff is visiting some of the sites to ensure that the funds were spent.

Ms. Catherine Fife: The Auditor General's report said that it wasn't actually applied to teacher training. Once again, on page 608, it says that, "However, with the exception of some health and physical education teachers, at the time of our follow-up the board had not provided training to other teachers on how to promote healthy eating concepts in the classroom."

Are you focusing on physical and health teachers, or are you trying to make sure that that money gets spent in the general population of teaching and support staff?

Ms. Eileen Silver: Each board will assess their needs in terms of—if we're talking about healthy eating initiatives and physical activity initiatives. There are times when teacher training is a priority for the board, and there are times when curricular activities are a priority for the boards.

Mr. George Zegarac: I'll just add to this. The boards can probably speak to this, because I know boards have used this money to train their principals, to train their teachers, both on physical activity and on the healthy eating aspects, but on all of our PBMs in the policies.

The consultation we had two years ago when we renewed our vision actually told us that we have well-being embedded in a number of activities, whether it's safe schools or whether it was in our school board improvement plans. What we've come back with is that actually elevating that, as I mentioned in my introductory remarks, is our fourth goal now, and to umbrella this around all of these activities. It's not a choice; we're not picking one or the other. We're actually looking at what the local needs of those schools and boards are and giving them the capacity and the support to actually move forward on that. I think they're best situated to address that.

Ms. Catherine Fife: How much time is left?

The Chair (Mr. Ernie Hardeman): You have about eight minutes.

Ms. Catherine Fife: Okay. I'm going to leave the rest of the time for my colleague.

The Chair (Mr. Ernie Hardeman): Ms. Gretzky.

Mrs. Lisa Gretzky: That was a perfect segue to my question, actually. We know that funding is based on a per pupil basis—a head count—rather than on a needs basis. So we see students with greater needs, and those needs are often not being met because school boards are stretched, specifically in special education funding. So what we're finding is that more and more boards are being faced with having to close their smaller community schools—the neighbourhood schools. Many boards are moving to the model of K-to-12 schools, because, frankly, that's the way that the ministry has set it up. If you close schools and consolidate schools, and you put in a case for a larger school or one that will encompass all those schools, then you might get a chance at having a new school.

I'm wondering—and this is very significant to Windsor-Essex county. It was just announced that we have many of our small, core area schools that are up for accommodation review, that are up for closure. We had some rural schools in my colleague's riding that have been closed. What we're finding is that more and more students are not able to walk to school, run—if that's what they choose to do—or bike to school. More and more students are getting on a bus and getting bused to a school outside their neighbourhood. In some cases, they're on a bus an hour each way. So I'd like to know how that works within the framework of the ministry promoting the health and well-being of students and physical activity, when the move has been, more and more, to move kids into larger schools outside of their immediate neighbourhoods.

Mr. George Zegarac: I'll talk about the funding. A good portion of the funding—I'm not going to refute that a lot of it is enrolment-based, but we have socio-economic factors and other things embedded in the funding format. So I just don't want the committee to feel that all we fund is based on enrolment. It is true that we have reduced funding for what we used to, quite frankly, provide for empty seats. We are trying to make sure the funding goes to where the students are.

In some of the cases, it is part of the capital planning in terms of—some of these schools are quite old. Rather than invest in some of these older schools, we're looking at what the other alternatives are. As you know, those are local board decisions. We allow that ARC process to occur with community input, and, in some of the cases, yes, there is further distance occurring. They do have the supports in the busing, but it is all about trying to balance these issues.

I'm not saying that it is not making some opportunities a little more challenging, but in some of the cases, some of the programming that actually occurs is actually enhanced. That's what the objective is: to have a critical mass of students in these schools—in particular, in high

schools, where they can actually have a grade 11 physics class, because they want to actually go on to university and have that. In small schools, that becomes a problem. So much of the decision-making we want to promote is what's best for programming supports. In some of these cases, they've been able to build great facilities, in terms of physical facilities and shared facilities, with other school boards.

These are complex issues in terms of trying to balance off, as you said, the ability to walk locally with providing the right programming, educational supports and also extracurricular supports that we want to provide to them. But, yes, in some cases—I'm not going to say—it's challenging. But I don't know if, at the local level—

Mrs. Lisa Gretzky: To the point of the older buildings, the aging buildings, I'm going to reference another Auditor General's report, which states that the ministry has underfunded renewal needs for boards. So one might argue that the ministry has actually created the case to be closing the smaller community schools, those that have higher renewal needs. Again, having been a trustee—so I'm very passionate about this—I think you would find many trustees would say, and many boards would say, that you actually forced their hand when it comes to making the decision to close these schools rather than renew, especially in smaller communities and rural communities.

I think that's an approach that the ministry really needs to look at: How are you supporting these smaller schools, these rural schools and school boards, when it comes to their renewal needs?

Absolutely, I will agree that there are some schools that are beyond repair, and the best option would be a new school. But often, what we find is that the move, based on the funding and based on the approval, has been to close many schools, consolidate many schools and build a larger school in order just to get a new building for these kids to go school in. So that's something that I think the ministry really needs to look at. I think you would find many trustees and many school boards would appreciate a move away from forcing their hand in closing these schools.

I just wanted to touch on—I know I don't have much time left. From the board perspective, there was a lot of discussion around initiatives that come from the top. Administration goes to meetings and training and then talks to their colleagues and passes that on down to classroom teachers and support staff. I'm wondering how much is actually initiated from classroom teachers and support staff, or how much opportunity they have to say, when you come to them, "I don't think that's really going to work all that well," or, "It's not working. We need to tweak it this way or tweak it that way." How much input do they have, because they're the folks on the ground with the students?

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Mr. Manny Figueiredo: To that question, we know that in initial implementation, there is some train-the-trainer model that is provided around key communication

and the big ideas of the implementation. But as feedback has been provided to us and we provided feedback, the best job of a PD is when it bubbles from the school up.

In Hamilton, we have this model of continuous learning improvement, where the school decides on the greatest learning need and we provide job-embedded support. In terms of the daily physical activity, we have a consultant who is working closely at schools, but not just one school at a time.

If we can bring networks of teachers together who identify the need—especially around the generalist teachers, who need some support with TPA—we find that to be the most effective model, so we do have a hybrid of both: some system PD around train-the-trainer initially, and then we go to the job-embedded facilitated networks by our consultant.

Mrs. Lisa Gretzky: Thank you. Does anybody else want to weigh in?

Ms. Patricia Preston: In our board, we have the committees at the school level. That does allow teachers to have a voice. What we're finding, too, is that very often it's the teachers on the staff who are passionate and who are the ambassadors for the program. That does give them an opportunity.

And, just our last—in servicing around the new curriculum, we didn't use the train-the-trainer model; we looked at servicing school teams.

Mrs. Lisa Gretzky: Fantastic.

Ms. Denise Dwyer: And may I just add to that as well that for our ministry resources that were developed to support the DPA and the food and beverage policy, we had teacher input on those as well, for those resources.

Mrs. Lisa Gretzky: Very good. Thank you.

Mr. Larry Hope: I think, certainly from our perspective, it's important to note that we take the responsibility to develop our staff as fully as possible very seriously. I think some of the miscommunication sometimes that happens is that we expect a teacher to do everything all day long, every day in their classroom. That is simply not the case. I think what you're getting at is us needing to do a better job of helping people fully understand the intention behind the professional learning opportunities; that is, around capacity-building, helping people to have the knowledge and understanding, and the ability to pick and choose the tools that we provide them with when it's important.

The Chair (Mr. Ernie Hardeman): I hate to cut the same people off every time, but that concludes the time.

Mr. Larry Hope: You get used to it.

The Chair (Mr. Ernie Hardeman): We'll go to the government side. If I could, I want to make sure that everyone understands that I don't want to pick on anyone individually, but that we stay on the topic of the report, not on the generalities of the ministry. Mr. Rinaldi?

Mr. Lou Rinaldi: Thank you for being here today. I wanted to go first because I can't be here very long. I have to go and open a brand new high school and announce an addition to a public school, so I'm in education mode today.

I want to make a bit of a statement, but then understand the healthy eating and exercise piece; right? I think we heard it here today and I think we all agree that it's something that's not going to happen overnight. It's a generational change. I compare it to—and I think somebody touched on it earlier on—when we talked about recycling and all of those things. This might date me a little bit, but when my kids were going to primary school—because once they got to high school it was too late. It was beer, cars and girlfriends and boyfriends that were a priority; right?

I'm talking about when the kids were at the primary grades. I say this as a husband and wife with four kids around the kitchen table. You'd ask, "What did you do at school today?" One day, one of my kids said, "Well, we had somebody come in to tell us about recycling, where we do this." Living out in the country, I'm not afraid to admit that, 40 years ago, I would have a burn barrel in the back somewhere. Of course, when my kids talked about recycling and what they learned in school, I turned to my wife and said, "What are they teaching kids in school today? I thought they go there to learn math, English and those kinds of things."

Fast-forward to 40 years later—or a lot quicker than that—and recycling has become a household thing that we all do. I don't have a burn barrel anymore. I know that some people still do, but I don't.

I guess my point that I'm trying to make is that we've undertaken—when I say "we," we collectively as a society—that we need to talk about nutrition, what we eat, and exercise. I know it took us a lot longer to learn that than probably my kids or grandkids.

As we go down this road through policy, do we need more time? Are we on target to get from point A to point B? I'm not sure how long point B is. It would be nice to live in a perfect world, but we don't. I look at this as the initial first steps, although we've been at it for a few years. I guess I'm just asking for your opinion: Can we do more?

Mr. George Zegarac: Maybe I'll give the context, too, going back to revisit the discussions we had around smoking or drinking and driving. If we said, "Are we happy with where we are? Are we in compliance?", we could have given up and said, "No, we're not progressing as fast as we should." But we didn't. One of the things I tell our students, in terms of what factors contribute to success in high schools, is that it's perseverance and resilience, and we've got to keep at this. One of the things we do want to do, though, is to learn from the experiences we have, what's working and move that as quickly through the system as we can.

The other thing I would say to the members is that one thing we're also doing is that we know we need to get to them in elementary. That's how we got the recycling done. You get to the kids young, and they're not set in their ways. They ask those innocent questions of parents that guilt you into changing your behaviour.

Mr. Lou Rinaldi: Absolutely.

Mr. George Zegarac: You know what we're doing now too? I have the benefit that I have child care as well.

Maybe just to point a few things out, in addition to the changes we're making in modernization for our child care act, we've included in our phase 2 regulations a proposal to require 30 minutes of outdoor time and before-and after-school programs run by licensed child care operators.

We're also proposing that authorized recreational and skill-building programs provided as after-school programming for six- to 12-year-olds under the Education Act dedicate 30% of the programming, or 60 minutes of that time, to active play.

We're going to have to keep at this. I think we're just going to have to understand that it is a longer journey and to keep the pressure on all of us, as we are here today, to say, "What more can we be doing? What is it that we've learned that is working?"

One of the things we've also learned, particularly in pilot projects, is what's not working. That's equally important to share.

I would say—do we need more time? We always need more time. The issue is, are we doing the best we can with the time we have, and are we using effective practices?

We have jurisdictions that come from all over the world. Quite frankly, there are some who are looking now—as we put well-being as one of our four goals, other jurisdictions are looking to Ontario as a leader in this now and are looking at what it is they can learn from us. We're frustrated. We want to improve for sure, but I think we're showing progress.

As the boards have articulated at the local level, quite frankly that's where you see the returns: the relationships they're building with their communities, and the relationships they're building with partners and parents. It is about changing behaviour. All I would say is that it will take some time, but I don't think it takes the pressure off us to try to accelerate and use all the instruments available to us. That's what we're trying to do, and that's why we've also embedded some of these strategies into our child care activity, because we want to get them even before they get to elementary schools.

I don't know if the boards want to add.

Mr. Larry Hope: I would say that very much like you have constituents who have expectations of you to continue moving the bars forward, so, too, do we in the school system when it comes to these particular aspects of what we do. The moment we step back and say that we're there, I think that we have a problem on our hands with moms and dads out there who say, "What's next? What more will you be doing to help educate my children?"

As the deputy minister said, this is not a destination for us. This is truly about the path we take forward to help not just our kids today but, frankly, their kids.

To your examples that you've used: Think about what's happening with texting and driving right now even. I was guilty—not anymore—of this. My own children corrected me when they saw me pick up a telephone in a car. I'm sure we could all tell similar stories. We

know these things are making a difference and having quite an effect on what happens, but we can't let off on our efforts to keep going and raising the bar.

Mr. Lou Rinaldi: Thank you. Oh, sorry.

Mr. Manny Figueiredo: I could just add to the notion of culture change. What I have in front of me here, which I probably would not have had 20 years ago, is a list of about 40 partners in the city of Hamilton who are wrapping around this cause around physical activity and nutrition, because they know that those are two core pieces of well-being. From our public health to the Hamilton Bulldogs to Dofasco to public health with Metrolinx around safe routes to school, walking plans, Boys and Girls Club—there's an endless passion out there from people who want to support this cause. Prior to the ministry policy, they were far and few between.

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So it's great to see. It must be an indication of ministries collaborating. From our perspective, we're messaging that we can't do it alone. One of the leading indicators for us is: Who are the community partners coming to the table? In Hamilton, we're thrilled to say that people are coming to the table, because they see that this is not just between 9 and 3.

Mr. Lou Rinaldi: Thank you very much.

The Chair (Mr. Ernie Hardeman): Mr. Ballard?

Mr. Chris Ballard: Thank you all for being here. Before I get to my first question, I just wanted to say to Director Preston: What a great event that was at Our Lady of Grace, the 60th anniversary on Sunday. I was there. I didn't get a chance to talk to you, but it was a fantastic event—a great school.

Just to set the stage a bit, I have three children, long out of education—the youngest is 23; the oldest is 27—but I noticed something: When it comes to nutrition and exercise, particularly, that seemed to be the generation where things started to tip. When my daughter was 12, she declared that she was going to be a vegetarian. I noticed my three children and, more importantly, their friends were far more aware of what they were eating, with exercise and the whole bit. I'm quite happy to see them, as young adults, far more active than perhaps I was and far more aware of their nutritional needs. Even in those days, good things were happening, and I think a lot of it was linked back to the school, even though, heaven forbid, we had cupcake days and those kinds of things every now and then.

What I wanted to get at—just a couple of comments. I was also a councillor with the town of Aurora. We worked very closely with the school boards when it came to things like active transportation, when we were planning new subdivisions, making sure that there were off-road trails, that kids could get from their house to a school without having to cross busy intersections and those kinds of things. So I'm very aware of how the school boards have been involved in working with municipalities to make sure that happens, and we need to do more of it. So when we get to the question, if you have any comments around that, that would be great.

I was interested in the comment about students as leaders. If you can make some comments, to begin with—I'm interested in drilling down into the weeds a little bit, especially around students in the elementary schools. What sort of things do you have them doing? Just as an example, I was chair of our school council and it was the young people who came to me on the q.t. and said, "You know, they want to put a pop machine"—this was before we outlawed it. "They want to put a pop machine to raise money." It was the young kids who came to me and said, "We don't think that's right." The school council got together and said, "We agree; that's not right." Those kids were showing some real leadership then. What sort of things are we doing to give them the voice and the choice in the elementary schools?

Mr. George Zegarac: I'm going to start just in terms of what we're trying to do to give voice. I'll let you speak to the elementary schools, but the minister actually has a student advisory committee, and over the years they've been instrumental, quite frankly, in influencing our policy. In fact, we did eight regional sessions when we did a renewal of our vision. If you go to the Achieving Excellence document, we have in the centre of that document a pictogram that came out of the student advisory group, who defined what they thought the vision should look like. They are amazing. We did seven more sessions and we could have ended after the students, because they hit all the marks that we heard seven more times.

Giving them the voice—and the advisory committee is just one opportunity they have now at the local levels, and I'll let the school boards speak to that. We are using that student voice in much of our policy discussion now, and they're influencing, quite frankly—we had a session yesterday on well-being. We had a young aboriginal girl who talked about her experience and some of the challenges she has had. Those are the voices, because we will allow—some of our students are going to get along just fine without us, both on the healthy side and on the academic side. It's the others who are challenging, and our job is to make sure they get the opportunity to succeed as well.

We've given that opportunity at the provincial level, but I'll turn it over to the boards to talk because they've got lots of examples.

Ms. Patricia Preston: I'd just like to start with a couple of very concrete examples. One of them is a program called PLAY, and that is Peer Leadership for Active Youth. Its goal is to create safer, more organized and fun playground environments. In an elementary school, the grade 7 and 8 students would be trained to be the leaders. They would develop games and activities and would be working with the younger students at the school to have worthwhile activities at the lunch break and at recess time. It's also part of our campaign to have more caring environments and less bullying in the schools. That's working very well. We have it in a number of schools, and plan to expand it.

We have a program called Girls on the Run. It's a transformational learning program for girls ages eight to

13—a lot of awareness about self-esteem and empowering girls to be the best that they can be. Part of it is physical training. For a number of weeks, they're running and exercising every day. Then in early May, there's an opportunity for them to have a 5K run in the York region.

We're now partnering with Aurora. We met with the mayor just a couple of weeks ago to look at some community projects that we can be engaged in. We're talking about times when the streets will be closed and we'll involve our students with Aurora to get out and run. They're looking for a student voice on their committees as well.

We have a fair access program. It's a drop-in after-school program for students in grades 6 to 8. They have opportunities to learn some new sports, learn about nutrition, and the leadership is there for the students as well.

Mr. Chris Ballard: Good.

Mr. Larry Hope: I would say—am I going last?

The Chair (Mr. Ernie Hardeman): Yes, you're going last.

Mr. Larry Hope: Thank you for your commentary on that generation of young people you were talking about. I would submit to you that if you go into any one of our schools today, you would probably be faced with what I would consider the finest generation of young Canadians we've ever seen—better than us, I am sorry to say with respect to everybody—in that these kids today are so in tune with social responsibility, with the things that you're referring to with regard to living a healthy life, giving back and all those kinds of things. We've seen incredible things driven by young people in our schools.

I would echo many of the things Pat talked about. Our schools do a remarkable job of engaging so many organizations in helping to move these things forward within our schools. We have an undertaking in our district called Feed All Four that you can see in the package that I've provided you with. It is a deliberate attempt on our part to feed the mind, the body, the spirit and the emotional well-being of our young people and our staff alike.

What's really exciting about this for us is that it is not a top-down undertaking, where we send our principles or our teachers away and say, "Okay, go back to your school and do this." What we've found is that our kids have helped us develop and identify incredible things that support physical well-being, emotional well-being and spiritual well-being. It is truly something that is transformational for us—and frankly, it's new ground for us to see our kids leading this way.

Education has typically been the teacher in front of the kids. We are seeing less and less of that and more and more of the voice and the input and the contribution of our young people than we've ever seen before. It is truly remarkable to see what's happening.

Mr. Chris Ballard: Good.

Mr. Manny Figueiredo: Thank you. I just want to speak concretely about three examples.

In Hamilton—it was also mentioned by my colleague here—we have what we call an active recess program,

supported by our Canadian Intramural Recreation Association, where student leaders or the teacher champion organizes the activities for younger children outside. We want to take advantage of that opportunity, and that's been very successful.

In addition, we talked about our nutrition programs. Our students are keen on nutrition programs in schools because they bring their voice in terms of: What are other options? The kids are sort of getting tired of the same old food. What other options are out there? They work with our partners to make sure that we're following the policy, and they are bringing new options to the table.

The last one that we're seeing with our students—we work with Start2Finish, a partner, around our 20-20 challenge: 20 minutes a day of daily physical activity for 20 weeks to try to improve literacy scores. This 20-minute challenge—we have student leaders running it with teachers. They're running it in the schools and running some of those daily physical activities for the younger students in the school.

Those are three concrete examples of when the student voice in the elementary system is making a difference.

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Mr. Chris Ballard: Very good. A quick comment, if I may, before I turn to the next question—and maybe it's a bit of a plea going back to my days in school, as my kids would remind me, when the earth was new and dinosaurs ruled it. The other thing I'm hearing—I still hear this from younger kids today—is how they feel over-programmed. Every second of their day is in school, and then they're picked up and dropped off here and they're picked up and dropped off there. What I've heard from young people when I'm doing my consultations is that at some point they want to be left alone to self-organize some playtime.

I don't know how we fit that into their life, but it's a plea I make to parents when I talk to them and to educators when I talk to them. They're telling me that this is really important to them. I don't know how we fit it in, but I'll leave it there for now. Thank you for the work you do. I know everyone is an education expert even if they don't have any kids. So we know what you're up against.

The Chair (Mr. Ernie Hardeman): I'll turn it over to Mr. Thibeault.

Mr. Glenn Thibeault: Thank you. So I have about one minute, Chair?

The Chair (Mr. Ernie Hardeman): One minute.

Mr. Chris Ballard: I could have kept going.

Mr. Glenn Thibeault: Thanks for that.

Mr. Chris Ballard: Sorry about that.

Mr. Glenn Thibeault: I guess I'll be the last one to speak now. Thank you, Chair. I'll be very, very brief, obviously, since I have less than a minute now.

I know my colleague MPP MacLeod talked about how, as we get older, things change. I also still feel like—my father was 101 years old when he passed last year. I find that I'm becoming more and more like my father. I have two daughters, 12 and eight, who are

asking for rides to school all the time, and I'm like, "You need to walk to school both ways uphill in the snow," which is what my father said all the time.

You've talked about cultural change and leading by example. My kids bring home from their school in Sudbury forms that we help fill out as parents—pizza day, sub day—and we talk about healthy eating. In the last six months, I've been diagnosed with diabetes, so I've had to make a huge health lifestyle change, and my kids have adapted to that. So every time I'm in the fridge, my eight-year-old now runs up to see what I'm eating: "You can't eat that, Dad," or, "You should eat that, Dad. Here's an apple."

My question, I guess very briefly, and if you can comment at some point, is: How is the ministry working with the school boards to ensure that we're starting to see the policy being implemented to make sure that—I know we're seeing the cultural change with our children and they're learning from us, but it's also that shared responsibility between the ministry and the parents and the school boards.

Mr. George Zegarac: I'll just speak to the fact—and it was mentioned earlier. We've been working with parent groups from the beginning. We have SpeakUp grants, which actually come up from the students. I think we just need to keep doing more of that. I think we need to continue to work with parents because, honestly, it's the same situation in my house. I'm the guy they lecture. I don't have to teach them.

The Chair (Mr. Ernie Hardeman): We're going to get more of it in the next answer. I was just hoping you weren't going to try and answer it.

We're now at the next round. We have 16 minutes per caucus. We'll start again with Ms. MacLeod.

Ms. Lisa MacLeod: Thanks very much. I appreciate it. You know what? I'm going to ask a question because we have talked about mental health. A few of you have mentioned emotional health. I'm wondering if I can ask the deputy why the Healthy Schools Strategy talks about healthy eating and physical fitness but it doesn't talk about emotional or mental health.

Mr. George Zegarac: That's just part of our well-being strategy. We've initiated a lot of initiatives to support mental health and addictions, I would point out. I was Deputy Minister of Children and Youth Services working with, at that time, the Ministry of Education and the Ministry of Health, when we launched our mental health and addictions youth program. We've put a mental health leader in every school board. We've put social supports in those school boards. It is, for sure, a part of the well-being strategy that you'll be hearing about over the coming weeks as the government launches that.

It is important part. When I was going around as an assistant deputy minister looking at the challenges we had in our high schools, I did, at that time, talk to—at that time, it was Premier McGuinty, and I said, "We have an 85% goal to reach in terms of our high school graduation rate. We're not going to reach that goal if we don't provide the supports we need."

The government has invested in those supports. Right now, I meet with my colleague at children and youth services and our deputy in health around mental health and addictions. So it is definitely on the government's radar, and I know it's on the radar of the school boards. There's lots of activity occurring there. I don't know if I'm going to just pass it to the boards, if they want to say anything about the mental health and addictions activities.

Mr. Manny Figueiredo: I would just speak concretely. It's timely because this is international Mental Health Week as well as education week. Yesterday, one of our schools—a secondary school in Hamilton: Sherwood—took the issue of teachers, champions and students who wanted to have a mental health symposium. We were fortunate to have Dr. Bruce Ferguson come and speak. We had about 120 parents and students who wanted to have a conversation around some of the core conditions, and we spoke about some of the core conditions. But what was impressive was, at the end of the conversation in our cafeteria we had about 10 partners who were there, from public health, the John Howard Society, Contact Hamilton and Wesley Urban Ministries, who understood that they're part of this solution. In terms of Hamilton, we see the same schools—mental health, equity, inclusion, administration, physical activity—all supporting that well-being piece. That's just a concrete example of what we experienced last night.

Mr. Larry Hope: I mentioned earlier that we've established a healthy schools advisory committee which looks after the entire district. That committee is composed of the two health units that work within our jurisdiction—because we're fairly spread out. It also involves nutrition coordinators, our mental health lead and all the folks that are tied to all of these things that—I would say to you, historically, we're very much siloed. People did their thing by themselves with their little groups and so on. In addition to having a healthy schools lead in every one of our schools, we also have a mental health lead in every school.

I think what's really important about this is that we are really breaking new ground when it comes to schools and our work around mental health and addictions. This is not something that we have typically trained school staff to be able to support. We're making huge inroads into the capacity of our staff to be able to not only identify mental health issues and needs but also inform those partnerships with outside agencies because, frankly, we cannot do this by ourselves in education. We know that it takes a variety of supporters within our communities. I would say to you that the linkages that have been created are stronger than, certainly, I've ever seen in 26 years of this work.

Ms. Patricia Preston: This year we had symposiums on mental health or wellness for our high school students as well as our elementary students—very well received. I was a little concerned at first that maybe it would be a bit challenging for our elementary schools, but they were able to respond beautifully and were asking for more. The feedback was excellent.

In previous years, our parent involvement committee have put on one conference. In the last couple of years, it has been around digital literacy: teaching your children about texting and safety on the Internet. This year, they were requesting and did actually host a mental health and wellness one in the fall, and it was so well received that another one was done in April. So the interest is building for parents. They're wanting to gain more information in those areas.

We've developed lessons at the school level. As a result, we gave children an opportunity to put together a video on wellness and mental health—elementary and secondary. They were profound. Years ago, we didn't have those conversations, and this is really going to help this generation to understand, to be self-reflective and to know what a healthy life is and to avoid the stigma too.

Ms. Lisa MacLeod: Yes. I think that's excellent. I'll just impart two recent examples: I'm engaging with the Ottawa-Carleton District School Board in my constituency, and I do Girls in Government. I take the whole day of curriculum. We work with the teachers and we bring in community leaders to teach the kids about activism. We bring in an Ottawa police officer or a firefighter to teach them about non-traditional roles for girls.

Last week, I met this beautiful girl; she was in grade 6 or grade 5, and she was probably one of the smartest little kids I've ever seen. Her communication skills were incredible. Over the lunch hour, I asked the teachers about this girl. They were quite surprised because they said that her emotional health is very fragile. I was really struck by that.

When I got home that day—it was Friday—my 11-year-old came home, and she told me that, in the school ground, one of the children was so emotionally fragile he was actually talking openly about suicide. I don't remember that as a kid that age. I think the pressures today are important, which is why I asked the question. I was very public this week about my own struggle with depression. I don't view your health as just eating well and going out to exercise anymore. I've had to come and confront that myself. When I saw this Healthy Schools Strategy, I thought that perhaps I should raise that, that it should be more integrated. It does sound like, at the board level, it is much more integrated but I think that's certainly something I would say, after having read the auditor's report and gone through the briefings and sitting here with you, that that piece does seem to be missing in that set of recommendations. Any comments on that?

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Mr. George Zegarac: Yes. All I would say is that this policy is dated now. The renewed vision talks about well-being incorporating the mental health, the addictions and the emotional part of this. I think you'll see, in the coming weeks and months, that we have integrated the emotional part of this.

Ms. Lisa MacLeod: Oh, good.

The other point I just wanted to make, and I don't know—you're all from different parts of the province. I

come from the city of Ottawa, as you know. A few years ago, we had a rash of student suicides. Myself and the government House leader, Yasir Naqvi, partnered together in our city to bring school boards together with mental health professionals and our hospitals in Ottawa. We have four school boards in the city. We were able to put forward, I think, a very good plan. The mental health partners were leading it; Yasir and I brought folks together.

At your level, do you have that integration with all your boards? I guess maybe you could speak to it at a deeper level across the rest of the province, but do you have collaboration like that with the mental health hospitals, as we do with the Youth Services Bureau of Ottawa? If I could extend it to one more piece, because I'm very much aware of what's happening in Attawapiskat, and I think everybody here is as well. I know that there was a provincial aboriginal suicide prevention strategy, and obviously it didn't work there. I'm wondering how you integrate all of that. I know this has nothing to do with nutrition but, to me, the emotional health of our children is something that literally could kill them if we're not thinking about this. You guys are the ones who work with them in the schools.

Mr. George Zegarac: Yes. Maybe I'll touch on it briefly. I'm happy to have bilaterals at some point. We are supposed to be talking about nutrition and physical activity, but I will say that we do work with our school boards, looking at collaborative—I have to say it's easier, quite frankly, in some of those partnerships if you're in large urban centres where you have a hospital—it is a little more challenging.

Actually, when I was Deputy Minister of Children and Youth Services, I was leading some of the mental health and addictions activity. Queen's University went through the same thing. They had a number of suicides occurring, so they put a commission together. We worked, quite frankly, with the post-secondary side to share that information with our elementary and secondary panels, as well, to say: What can we learn from each other in this because we're all struggling with this? So the answer is yes, and I'd be happy to share more details in the future.

Ms. Lisa MacLeod: Did anybody else have anything else they want to add?

Mr. Larry Hope: Could I also just say that one of the things that I think the various ministries have done a pretty good job of coming together on is helping us know what's available within school districts? It's not just around the mental health piece but it's around all of the other aspects that we're talking about as well.

Most recently, we had an opportunity for a number of staff and elected officials from our school boards to come together. There's an annual mental health summit that takes place through the public school boards' association, and we get the very, very best experts there. We get the very, very best practices being shared there. While we can't send every single teacher or every single administrator, we do get to send key people who are the doers in our system, who are the best at disseminating the best

practices and the things that they learned. I think that is becoming more and more common, where there's an integrated approach to that.

While it might be on mental health, you would clearly come into workshops and opportunities to learn about physical literacy, about the importance of feeding all four, as I've talked about already. That's supported on a variety of levels, not just through the ministry and school boards.

Ms. Lisa MacLeod: I think the circle here, too, when you talk about emotional well-being and you have children with eating disorders, whether it's bulimia or anorexia, that makes this circle—so that I don't get ruled out of order by the Chair with my line of questioning—

Mr. Larry Hope: We're trying to help.

Ms. Lisa MacLeod: You're doing a good job; thank you. That's another very real part of this in terms of your strategy and healthy schools and in terms of kids' eating. Is there a component of this from your strategy that does deal with eating disorders and the root causes?

Mr. Manny Figueiredo: If I could just speak and combine both your questions, in Hamilton we call it our positive climate strategy. We know that with the School Mental Health ASSIST strategy, with the Ministry of Health and the Ministry of Children and Youth Services working together, there are lead agencies. In Hamilton, the Lynwood Charlton Centre is our lead agency. Having these partners come to the table to talk about pathways to care is very important so that we don't duplicate services. One of the things we do talk about is: What are all the factors that impact the emotional well-being of students? Our role in education is having mental health awareness. Having that mental health literacy is a key part of what we do, and as students require more intense supports, how do we bridge those conversations to make sure that those pathways are developed?

So those lead agencies—in Hamilton, Lynwood Charlton is the agency bringing people around the table to have those difficult conversations around resources and pathways to care, which is vital.

Ms. Patricia Preston: We do have a partnership with our coterminous board, the York region board, with the hospitals and with the York Regional Police. That has been a good combination.

Just to get back to the eating disorders: At the symposium, when we were offering it for our grade 7 and 8 students, one of the topics was anorexia. The children had an opportunity respond to a video and the talk by Dr. Joel Goldberg. It was very interesting—when they could comment without us knowing who they were—the questions and concerns that they raised. We really need to continue working in that area.

Ms. Lisa MacLeod: It strikes me that when you're looking—let's go to the secondary schools part of it first. One of the reasons I wanted to do a Girls in Government is to empower girls, because I think they get to a point, when they get out of elementary school, that their personality and their body changes and all of that sort of stuff. When you're talking about nutrition and you're

talking about physical activity, that also becomes more of a challenge, probably, for girls than boys at that age. Does the Healthy Schools Strategy deal with those components as well, or would you consider that more around the mental health strategy?

Mr. George Zegarac: Just a little bit of background: Dr. Gail McVey is a leader in this area, and in particular working with eating disorders for girls. She actually worked with us in the policy development around this. We're going to continue to work with those partners, as the boards have identified some of their partners. So the answer is yes, we are working on that and we're using expertise around that area.

Ms. Lisa MacLeod: Excellent.

Do you have any questions, Julia?

Mrs. Julia Munro: Just one quick one. I'm assuming it wasn't asked in my absence, but one of the general themes of the auditor's report I think reflects the difficulty of measurement and the fact that all of these things can be anecdotal, as you mentioned in your presentation. Obviously, from the point of view of the Auditor General and a committee such as ours, we need to have some concrete evidence and some numbers and things like that. Recognizing how difficult it is, even, to measure outcomes when they're individual, when they vary, when is a success a success and things like that, have you grappled with that issue? Do you see directions that you can go in that would give the general public, say, a better handle on the success of what you're doing? Have you got some benchmarks in mind? Have you got some measurements that would say, "Here's where we were; here's where we've come"?

Mr. George Zegarac: Maybe I'll speak to that at the provincial level. Lots of research, and particularly around the 60 minutes—we know that 60 minutes of activity a day makes a huge difference. The way the 20 minutes, quite frankly, was determined at the time of the policy was that the 60 minutes was supposed to be before, during and after, so it was just divided by three.

I think the important thing is that we're all trying to use research-based, evidence-based activities that we know are going to work. We may not be able to measure at the individual level. We'll be able to show some collective engagement around this. Eventually, StatsCan and others will have the obesity measures and others to be able to show longer-term impact.

I think the key is to take what we know—and this is why we're relying so much on experts in our fields—and to use what they've identified as effective practices and to engage our school boards, in particular at the school level and the classroom level, to address—

The Chair (Mr. Ernie Hardeman): Thank you very much. It was your turn and now it's Ms. Gretzky's turn.

Mrs. Lisa Gretzky: We'll have to work on getting someone else cut off. One of you two are going to be the last word this time.

My first question is to the deputy minister. In the beginning of your presentation, you had mentioned what your ministry is doing around this initiative. You talked

about the Ministry of Health and Long-Term Care and their healthy kids initiative. You talked about the Ministry of Children and Youth Services and the breakfast program. I'm just wondering how the three ministries work all together to support the Healthy Schools Strategy. I know it was touched on by one of the directors, but I'd like to hear from you how that actually works with the three ministries pulling it all together.

1410

Mr. George Zegarac: I'll even say it's more than three. We have our Fresh from the Farm program as well, where we get fresh vegetables and fruits into our schools.

The deputy ministers meet—for example, deputy policy and social policy ministries meet—on an ongoing basis, but I meet regularly with various deputies who have an overlap. Alex Bezzina, the deputy for children and youth services, whom we work closely with—we meet every two weeks, on top of other briefings. We go through the list to say, “How are we doing on these activities?” Quite frankly, we do it because we know the Premier is going to ask us how we are doing on these activities as well.

On mental health and addictions, I'm going to use that as an example, not directly related to the activity we're speaking to now, but as Larry and others mentioned, that is the closest I have ever seen three ministries go out. Every time they spoke, they spoke together. We have changed the culture, I would say, over the last five or six years, where we are integrating our policies, integrating our activities and integrating our reporting back.

But, as people have mentioned, some of these are going to be harder to report back. The issue is, what do we know and how can we show progress? We've been working with our school boards at the local level to say, “How are you measuring?” and “How are you showing progress?” That's the most important. They're going to be closest to the school and closest to the youth.

Maybe I'll turn it over to the boards at this point.

Mr. Larry Hope: One of the really exciting things that has happened that has been supported—enabled, I would even say, because sometimes when you want to do these things, somebody has to give permission for these things to happen. It's not the way we've always done business. I'm sorry to say that the schools have done their thing in their communities, and it's really only in the last 10 or 15 years that we've really opened our doors.

We have another really exciting initiative under way between the Ministry of Health and Long-Term Care and the Ministry of Education, where the deputy ministers have brought together seven directors of education and seven medical officers of health to work through strategies which we can all use in school districts to strengthen the relationships between health units—public health, if you will—and school boards, not just when it comes to the files we're talking about here but a myriad of other things that have already been raised.

We're seeing some terrific progress being made, even in terms of formal agreements and working relationships that school boards and public health would have in our

communities. We never saw that before. Again, I would say that has been enabled from the top, yes, but also at the ground level.

Mrs. Lisa Gretzky: To that, I'm wondering: How involved are trustees? Although the trustees can't necessarily enforce and can't be in every school making sure that this is getting done, ultimately—having been a trustee, I know—it falls back on trustees. Whether they have the power to enforce or not, the communities and the families come to the trustees and say, “This isn't being done right,” or, “It is being done right.”

How involved are the trustees? How often are they updated on what's going on around the Healthy Schools Strategy? How much input do the trustees have into this? As I said, they're usually the ones on the other end of the phone with a parent who is concerned about something that's going on in a school.

Mr. Larry Hope: I can speak from our perspective. Our trustees in Trillium Lakelands would be very proud of saying that we had a healthy schools policy, or a nutrition policy, long before anything came from the Ministry of Education. There was dedicated funding long before we received specific earmarked funding for nutrition programs in schools.

Our healthy schools advisory committee that I shared with you earlier does have three trustees who sit on it as participants and who engage in the process with us on a regular basis.

The updates, I would say, we all bring to our trustees with regard to specific actions and strategic plans over the course of a school year. For example, much of the committee work that happens, certainly in my district, involves trustees who are then responsible for reporting back to their colleagues in a very public way at board meetings.

I would say that we're seeing a tremendous amount of involvement.

Mrs. Lisa Gretzky: Is there anything in the policy that actually compels boards or the ministry, for that matter, to report to trustees how the strategy is working?

Mr. Larry Hope: The Auditor General's report specifically said that we should be reporting our results publicly. I would say, in our case, that is typically done through social media, obviously, where we continue to communicate, but through regular updates on very specific topics at board meetings throughout the school year.

Mrs. Lisa Gretzky: And I have a question around students with intellectual disabilities, those who have some special education needs. You will find, especially in some specialized classrooms, students who are in wheelchairs or they have devices. How do the teachers, the support staff, the boards and the ministry support those students? How does this work for them? What would that look like? Because, clearly, it would not be the same as a student who doesn't have mobility issues or students who don't need special devices. I'm just wondering how the boards adjust for them to fit into this policy to the best that they can and how the ministry supports that.

Mr. Manny Figueiredo: I can begin by saying that we always want to start with an inclusive approach, but we know we need to modify and accommodate based on student needs. We work closely with our partners, especially our occupational therapists and our physiotherapists, who provide those kinds of suggestions and accommodations of what that daily physical activity would look like for a student with this type of physical disability or a different learning need. We want them to be participating and to be inclusive, but we also want to accommodate, and bring in sometimes the experts, because our teachers plan to the best of their ability, but then we do bring in our spec ed consultants and our partners to provide that accommodation.

Ms. Patricia Preston: It's really a human rights issue for these students. They deserve the best education we can give them and they have every right to participate as fully as they can. We have just been working on an accessibility policy, as well, at the board level to ensure that we have everything in place physically for them.

Mrs. Lisa Gretzky: Fantastic. This might actually be a better question for the trustees, not the senior admin: Do you find that you have the resources that you need in order to be able to include the students who have the special needs in order to be able to take the policy and adapt it to meet their very specialized and individualized needs? It's not a one-size-fits-all approach when it comes to any student, but especially when it comes to those students. You may find you have to adapt on the ground, so to speak, day to day, minute by minute.

I know there are some financial supports that come from the ministry, but I'm just wondering: Is there enough support, especially when it comes to the students with specialized needs? It's a better question for trustees, isn't it?

Ms. Patricia Preston: We're always asking for more support, but certainly we look at each child and each child's situation individually and make sure that we have everything in place that the child needs.

I just want to go back to the first part of the question around trustees. Our trustees are very involved. They ask for regular reports. One of our trustees serves on the mental health committee. When our students did the videos, the trustees wanted to see them right away. They're very, very interested and very supportive.

Mrs. Lisa Gretzky: Very good. So to the ministry— to put you back on the hot seat—was that a consideration? The students who might have very specialized needs, that when things have to be adjusted on a regular basis—was that something that the ministry considered, or is that something that's going to be considered in potential changes?

Mr. George Zegarac: No, it was considered right at the beginning. In fact, it was very explicit. That included all students, including those with special educational needs. That was up front when the policy came out, and it was very explicit.

Quite frankly, we have a substantive amount on top of our GSN funding for spec ed. The financial supports are

there, but a few years back we had frozen our financial supports. What we learned is what was most effective was actually helping at the classroom level on the pedagogical support. I think it's the same thing here. The most important thing is to find: What are the practices that work in the classroom for those students in those situations, and how do we share it among our teachers so that they can actually benefit from that experience? I think that's what we're all trying to do: share that information with the teachers at the ground level.

Mrs. Lisa Gretzky: Because you opened that door for me to the special education funding: You say there's a substantial amount of money. As I said earlier, if you were to ask any trustee or any board, they will tell you that there isn't enough money for special education. They often pull from other areas, and it's still not enough.

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I'm wondering if, when bringing policies such as this forward or looking to make changes to that policy, you actually consult with the boards, with the trustees, with the senior administrators and the staff that are working directly with these students and see what the individualized needs are from board to board, because they're not all going to be the same—some will have more students with special education needs than others—and look at adjusting funding appropriately to support each individual board and the needs of those students with special education.

Mr. George Zegarac: Right. I'm not going to jump to what the solution is. I think what we've committed to the Auditor General is that we're going to review that policy now—both policies: both on the healthy eating and the physical activity. We're going to look at what policy adjustments we need to make: whether it's programmatic, whether it's funding. That will be part of the consultation that we engage in.

Mrs. Lisa Gretzky: So it will be consideration as to get—

Mr. George Zegarac: It will be a full scope of what's working, what's not, what are the barriers and what do we need to move our agenda forward.

Mrs. Lisa Gretzky: Will that include discussion with trustees of the board, senior administration and the staff that work with the students?

Mr. George Zegarac: Yes, I would anticipate that the boards—it will be a fulsome discussion. Most of our consultations right now are fulsome with boards as well as trustees.

Mrs. Lisa Gretzky: Thank you.

The Chair (Mr. Ernie Hardeman): You still have a little more time if you want, but if you've said it all?

Mrs. Lisa Gretzky: I've said it all.

The Chair (Mr. Ernie Hardeman): Okay. Mr. Milczyn?

Mr. Peter Z. Milczyn: Thank you, Mr. Chair.

I just wanted to continue on with the line of questioning that Mrs. Munro started, because we are the public accounts committee and we do have the Auditor General's report in front of us.

I want to start at the school board level before we move on to the ministry level. As you're implementing the various programs, let's talk about the healthy foods and healthy eating first. As an example, you bring in caterers; you bring in vendors. I assume at this stage you're building into their contracts the requirements of the policy. What kind of contract compliance measures are you putting in place? If you're doing more of the volunteer-based programs, like some of the healthy breakfast programs and so on, are you applying the same rigour to those? How are you tracking that? How are you reporting that to your trustees? Are your trustees in the loop on understanding how you're doing? How does that loop back into the ministry and having the ministry provide you with some kind of common framework so that everybody is feeding similar data back into the system?

Mr. Manny Figueiredo: I'll begin, because it was part of my initial summary.

One thing in the Auditor General's report in Hamilton is that we needed to do a better job in terms of the measurement of compliance in terms of our cafeterias and the food in our schools.

Yes, we build that into our procurement process with our purchasing department. What we didn't do a good job in was ensuring the follow-up piece. As indicated, we are now developing that tool, and our goal is to get secondary schools this year, and, by June 2017, have done a complete review of our secondary schools and any follow-up, and then begin our elementary. So that's one thing where we do need to do a better job.

In terms of reporting to trustees, in our reporting structure we do have reports that we do report back based on the high-level strategic directions that our trustees choose and their priorities. One thing I will say: In Hamilton, as they're reviewing now, one of five priorities that the trustees have put down is positive culture and well-being as one of their key priorities.

Mr. Larry Hope: And certainly in our case we definitely have this built into our procurement process. We have each of our secondary schools' cafeterias audited once per semester. The 80-20 rule must apply. The audits are conducted in conjunction with the vendor. There is a dietitian and nutritionist who is part of the audit process. There is a full report that each cafeteria manager receives. If they are found not to be in compliance, it's corrected immediately or there is a follow-up visit within two weeks. In other words, if they can't make the changes right on the spot to be compliant, then there's a follow-up visit in two weeks.

With regard to our elementary schools and the 10 days that they're required every year to be a little bit outside of the PPM, we have tightened up our reporting. We do expect compliance and we do expect those reports to be completed by June 15 every year.

As far as the reporting back goes, our healthy schools advisory committee would be made aware of the progress that we're making. They'd be made aware if there were any issues or hot spots that we need to be paying

attention to. Certainly, if there was an issue it would be reported back to trustees through the trustee that makes that report about the healthy schools advisory committee.

Mr. Peter Z. Milczyn: You have the same kind of rigour in place for any volunteer-based programs, whether it's parents or service clubs that are coming in to do programs?

Mr. Larry Hope: Yes. In fact, our school councils also must adhere to the PPM and the days and so on. Our nutrition programs, where we feed students through our nutrition coordinators and various providers—MCYS supports that initiative. They have a very, very rigorous set of guidelines that help them identify the products that will be made available within our schools. In all three areas of Trillium Lakelands, there is a certified dietitian and nutritionist who is a part of establishing what those meals look like. I mentioned earlier that we've already served over 900,000 meals this year. They would all be fully compliant with the PPM and the expectations.

Mr. Peter Z. Milczyn: Now, the ministry part of it: Is there a common language, definition, or set of metrics that the various school boards are aware of so that they can provide information back to you so you can judge how well they're doing relative to each other as well as relative to the policy?

Mr. George Zegarac: I'll let Eileen speak to this, but here's what I would say: We started the program by giving them a framework and all the evidence which would support moving forward on both of these initiatives. We left it to the local level to actually start to measure this, partly because we wanted them to own, quite frankly, the programming and be sensitive to the local needs. What was most important? What did they have available to them in terms of evidence to be able to show progress?

Eileen will talk to you a bit about our next steps, both in evaluation that we're talking about going forward with, but also the research that we're conducting on those pilot projects, which are helping us inform setting up a more, probably—I don't want to get overly prescriptive, but I want to find the right balance so that we can actually show progress across the province as opposed to just locally. But if we get overly prescriptive, I think we're going to lose, quite frankly, some of the benefits we've had by giving latitude at the local level. Eileen?

Ms. Eileen Silver: As the deputy mentioned, we had a process that we established for support and monitoring of all of our healthy schools initiatives, in particular school food and beverage and daily physical activity. We saw a need to reach out to the boards and for them to talk about not only their challenges, but their exemplary practices. We took the 72 boards and we decided on a five-year basis that we would go out to specific numbers each year. We have 25 boards left that will cycle through the entire process. We've learned a lot from the boards, and we've assisted the boards who are having challenges.

That's on a macro level. At a micro level, we have regional offices throughout the province, and in each of the regions of the ministry, we have dedicated staff in the

regions who, on a daily basis, are in touch with school boards. They then feed back into us about the challenges and the opportunities that are happening vis-à-vis these specific two policies. That's going on each and every day with all of the healthy schools initiatives.

Specifically, the money that we've provided for the healthy eating grants and the physical activity in secondary school projects, we've seen some outstanding initiatives and opportunities based on a small amount of seed money in the schools. What we intend to do is build on the wonderful work in those areas and decide how we can leverage it across the province.

Mr. Peter Z. Milczyn: Also relating to this: The purpose why we're here is monitoring the effectiveness of the implementation of the policy. What mechanism do you have in place to, if there is any school board or school boards that really are lagging far behind, help them catch up? Is that a problem? Is everybody doing their own thing and everybody's doing their best to doing okay, or are their instances where there is a problem? And then what are you doing to assist with that?

1430

Mr. George Zegarac: Our experience working with school boards, whether it was on academic or emotional well-being, is that blaming and shaming doesn't work.

Mr. Peter Z. Milczyn: No, I'm not asking about blaming. I don't want to know the name of a school board.

Mr. George Zegarac: No, but I think what we want to do is to encourage them. What we do is we have bilateral conversations. Many of the directors have bilaterals with me on various occasions on certain topics.

What we have looked at, though, is: How do we want to report publicly more on the non-academic part of this agenda? I think that's the conversation we're having now as we've added the fourth goal, the well-being goal. We're engaged right now in that conversation. I think it's to your point. It is a good question. It is: What's the right balance where we can have local ownership of this, where we're not overly prescriptive but prescriptive enough to know that we're actually showing progress? We're in that conversation right now with the school boards because we're trying to roll all of these initiatives together under a broader well-being goal.

I think we need to look at that goal as a holistic approach as opposed to individual programs. That'll be the conversation we're having as we consult on these programs, because we'll look at it with a broader perspective of how this fits into the overall well-being measures and how we want to engage in that conversation so that we can show progress collectively. I don't know if the boards want to say anything, but—that question was for the provincial level.

Mr. Peter Z. Milczyn: I can't help myself but do the anecdotal thing that everybody else has done today. One of my local Toronto District School Board high schools has a terrific culinary arts program. I was amazed by the quality of food that the students produce every day.

They had the same issue: that in the transition from a fully catered, traditional, greasy-spoon type of cafeteria

to a new menu, kids weren't going there. Now they're coming back in droves, and every day it's soups and salads. I don't know if that's re-creatable in every single high school, but certainly the ability to share best practices and that whole aspect of youth engagement—those are the older kids. Now, my six-year-old almost every day brings back her veggies and fruits that she's given, but she also often comes back with her pockets stuffed with chives that she harvests from the school's herb garden. She munches on those chives. She's really happy about that because she helped plant them and she helps look after them.

Figuring out the right ways, without being prescriptive, of finding those ways to engage kids—because if they're engaged and they have ownership and they want to do it, then it's not a lecture about what to eat; it's a conversation about what to eat.

Mr. George Zegarac: The only thing I would say—and it goes back not just to students, but the societal shift. As you look at the 100-mile diet or the local foods, that is becoming much more prevalent. The youth are looking at that with regard to—and we talked about the farm-fresh program with vegetables and fruits. I think they are coming and they're going to be, quite frankly, the leaders on this issue. My hope is that five years from now, we'll have students talking about how this has changed. They're really going to be the advocates for this. It'll probably be parents who we're going to have to try to bring along on this issue.

Interjection.

Mr. Peter Z. Milczyn: I'm okay.

The Chair (Mr. Ernie Hardeman): Go ahead, Ms. Hoggarth.

Ms. Ann Hoggarth: Good afternoon. I'm late on the uptake on this; however, I do have a little experience in regard to the education system as I, as late as May 2014, was teaching kindergarten. So I can tell you that things will get better, because in the kindergartens, the kids actually are better at knowing what they should eat and what they shouldn't eat. There's no pressure on them, but each day, we would sort of do a graph of: Do you have a fruit? Do you have a vegetable? And the kids would go home and they'd say to mom, "I didn't have a vegetable yesterday. Is there a vegetable I could take?" They want to take part in that graph. As they grow, they will become the secondary students, and that will help.

In the phys ed area—and I think this question may have been asked earlier—it's not too hard to—well, it still is hard to get an hour of physical activity for the little ones, but it is really hard when the curriculum gets fuller, when the kids are in the junior and senior grades, to find an hour of activity for those kids. Quite frankly, they are not encouraged at home to do a lot of physical activity, and that is part of the problem. Teachers in the intermediate grades have difficulty getting (a) gym time if it's really bad weather outside to do this, and (b) the kids involved, because a lot of them have become very sedentary.

As I said, the younger ones, as they move up it'll be more important to them and they will start to go back—I

love the ad about there not being anyone on the playground anymore, because if you do look at the parks you quite often go by and there are no kids there on a Saturday or a Sunday.

I would like to note that teachers ask, “What do I leave out of the curriculum in order to get that hour of physical activity in for my students?”

Mr. George Zegarac: Yes, so we did touch on this, and the problem is that everybody wants everything in their curriculum and it becomes even more challenging. We do have, in high school, the mandatory one health and phys ed credit, and many of our students take more than one year of health and phys ed, so that addresses part of the issue. We have a lot of sports teams and intramural activities, and those are ways to engage before and after, and even during their breaks.

You hit on a key point: Many of us in this room would have been from the generation where you came out of school, you came home, you ate, you ran to the park, and you had 10 or 11 friends and you engaged. Nobody had to organize; you organized yourselves. That doesn't happen anymore.

Ms. Ann Hoggarth: You had to be home when the streetlights came on.

Mr. George Zegarac: Yes, absolutely. That's when homework got done.

It is a challenge and I don't think any of us have the sole solution to this, because it is behavioural. Parents, for whatever reason, aren't comfortable letting their kids out unsupervised sometimes. It has also become a culture where all of these activities have to be in clubs as opposed to unorganized activities—

The Chair (Mr. Ernie Hardeman): Thank you very much.

Mr. George Zegarac: It's me again, I know.

The Chair (Mr. Ernie Hardeman): We now have a race: Who gets cut off the most? But that does conclude the time.

The third party did leave me a moment, so I'm going to take the Chair's prerogative and maybe ask a simple question to the ministry: As we move forward, do you see any time in the future, with what you're doing today, that you could come back to this committee and have the documentation to show that the program that was instituted in 2011 works?

Mr. George Zegarac: Yes. I think it's going to be over time and I think we'll have to have certain milestones of progress. I don't think there's a certain day that you say—as I think my colleagues pointed out, this is not an event; it's a marathon. But, yes, I think we will be working collectively as we do the evaluation to say, “What are some interim milestones that we can actually show, evidence-based, that are showing progress?” We may not be able to show scientifically that it's exactly this reduction in obesity, but we can show additional activity occurring and certainly enhanced activities in terms of the examples. The question is: How do we roll it all up?

Some of this is also outside of the school, so that's the other challenge: How do we measure the activities that occur before and after school? But we'll have more measures than we've had historically, so I would say that every time I come back I'll have more than I did the time before, for sure.

The Chair (Mr. Ernie Hardeman): Thank you very much. That's why we were here today. We thank you very much for coming to help us with the deliberations on this. We look forward to a future time when you can say, “You don't have to do any more; the problem is solved.” Thank you very much.

Mr. George Zegarac: Thank you so much.

The Chair (Mr. Ernie Hardeman): For the committee's purposes, as soon as the room is cleared we will have an in camera meeting to discuss where we go from here.

The committee continued in closed session at 1442.

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Standing Committee on Public Accounts

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STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 11 May 2016

Mercredi 11 mai 2016

The committee met at 1231 in room 151, following a closed session.

2015 ANNUAL REPORT,
AUDITOR GENERALMINISTRY OF HEALTH
AND LONG-TERM CARENORTH EAST COMMUNITY CARE
ACCESS CENTRECENTRAL COMMUNITY CARE
ACCESS CENTRECHAMPLAIN COMMUNITY CARE
ACCESS CENTREONTARIO ASSOCIATION OF COMMUNITY
CARE ACCESS CENTRES

Consideration of section 3.01, community care access centres, home care program.

The Chair (Mr. Ernie Hardeman): There we go. We'll start the meeting. This is a meeting of the public accounts committee. We're here this afternoon to have delegations concerned with the CCAC—the community care access centres—home care program, section 3.01 of the 2015 Annual Report of the Office of the Auditor General of Ontario.

With us here, we have a representative, the deputy minister from the Ministry of Health. We have the Ontario Association of Community Care Access Centres, Central Community Care Access Centre, Champlain Community Care Access Centre and North East Community Care Access Centre. We have them all sitting here.

Before we start, there are not enough microphones for all the delegations we have today, so we want to make sure that when we change speakers, when we get to the question portion of the meeting, we just move the mic—or at least point it in the direction of the person who's going to speak, the one nearest to them.

With that, we welcome all of you here this afternoon. I'll just point out that you'll have 20 minutes to make your presentation as to what you would like to tell us to start to debate, and then we will have questions from each caucus. We will start with the third party in the first round. It will be 20 minutes for each party, and we will

then decide how much time is left. That time will be divided equally, and then we'll make one more circle with the rest of the questions.

Again, we thank you all for giving your time to be here today. We'll turn it over to you, Deputy.

Dr. Bob Bell: Thank you, Chair. I'd like to start off by thanking you for the opportunity to address the Standing Committee on Public Accounts with respect to the Auditor General of Ontario's report on community care access centres.

With me to my far left is Nancy Naylor, associate deputy minister of delivery and implementation since mid-2015, the person in the ministry with senior executive responsibility for CCACs. I'm also delighted to be joined by Catherine Brown, to Nancy's right, from the Ontario Association of Community Care Access Centres, OACCAC, as well as colleagues, chief executive officers of the Champlain, Central and North East CCACs: Marc Sougavinski, Megan Allen-Lamb and Richard Joly.

Finally, I'd like to thank the Auditor General of Ontario, Bonnie Lysyk, for both of her reports on CCACs. We, as the ministry, appreciate her advice on strengthening home and community care in Ontario.

As you know, the Auditor General has done a considerable amount of due diligence to investigate the efficiency and the effectiveness of our CCACs. Her reports have been divided into two distinct phases. Phase one examined CCAC compensation practices, operating expenses and the overall cost-effectiveness of the current home care model. Phase two examined and provided recommendations on CCAC program effectiveness and efficiency. This, of course, is the focus of our conversation today.

The Auditor General's second report on CCACs highlighted a few key themes that I would like to explore:

- the need to expand supports for caregivers in Ontario;

- the need for standardized guidelines for prioritizing clients to improve consistency of service;

- the need to better utilize health resources by diverting low-needs clients from CCACs to community support service agencies; and

- the need to review home care indicators to improve performance.

We accept and endorse all the recommendations of the Auditor General. Her work has been a catalyst to deepen our plan to improve home and community care.

I'm also pleased to say that since the second report was tabled in the Legislative Assembly in December 2015, significant progress has been made to address the Auditor General's recommendations. I'm going to highlight a few of our successes for you now, and let the true experts in home and community care sitting to either side of me provide you with their context on the CCACs and home and community care landscape in Ontario.

In addition to the recommendations from the Auditor General's report, the ministry received expert advice from the expert group on home and community care, led by Dr. Gail Donner. Their report, *Bringing Care Home*, highlighted ongoing service challenges including lack of consistency, lack of support for caregivers and difficult transitions from hospital to home.

We listened to their advice and in May 2015, we released *Patients First: A Roadmap to Strengthen Home and Community Care*. In this, we laid out 10 steps which we are taking to bring change to the home care system in response to Dr. Donner's recommendations. With the release of this publicly available road map, we focused first on improving the experience of patients and caregivers, we pursued regulatory changes and increased funding to provide 80,000 more home care nursing hours, and moved forward with bundled care models to coordinate service and help people in the transition from hospital to home. I am sure we'll discuss that further.

In the 2016 budget, we extended our commitment to increase funding by \$250 million to increase capacity to deliver high-quality home and community care. When considering options to allocate the funding, the ministry considers the Auditor General's recommendations carefully.

We are committed to continuing to improve services for patients across Ontario. As we move forward with changes, we are putting patients first. We cannot forget that thousands of people rely on CCACs every day for vital health care services such as nursing and personal support. We continue to provide the services that Ontarians rely on.

When we released the road map, we said that we believed that structural changes would follow as necessary. This was consistent with the advice we received from both the Auditor General as well as the expert panel. With the work on the road map well under way, it is time to start looking at structural changes within the system that provides home care services.

In December 2015, we released *Patients First: A Proposal to Strengthen Patient-Centred Health Care in Ontario*, a discussion paper that proposed changes to several areas in the health system, including home and community care. In this proposal, service delivery and management of home care would be transferred from CCACs to LHINs. As part of this transition, the employment of CCAC employees, including care coordinators, would also be transferred. Currently, CCAC care coordinators are responsible for assessing a client's requirements, including determining eligibility and developing a plan of service or care plan for home and community services.

The integration of home and community care in the proposed structure, we feel, would improve sector navigability and patient experience as clients transition through the various elements of the system. The shift would create an opportunity to integrate home and community care into other services.

Home care coordinators, although employed by the LHIN, could be deployed into community settings such as CHCs or family health teams, making access easier for Ontarians requiring home and community care. These coordinators could connect clients, caregivers and family physicians, for example, when developing a care plan, as is often done now by home care coordinators under the CCAC, but we anticipate, perhaps, more regularly under this revised model.

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Improved efficiency of management and delivery would increase funding available for patient care and would improve access to needed services. This will address some of the Auditor General's recommendations, including reducing duplication in delivery and assessment.

The development of clinical standards, decision-making supports and enhanced monitoring would improve the quality of care and strengthen public confidence in the system. In addition to strengthening the consistency of care across the province, the ministry intends to make reports publically available, focusing on transparency, as recommended in the report.

Combined with the work of the road map, changes to the structure and the function of home and community care will address some of the current variations in home and community services across the province by providing clearer definition of the type and extent of the care and support that home and community care clients—and caregivers, importantly—can expect.

The ministry spent early 2016 consulting on the discussion paper proposal. The response we received can only be described as inspiring. Between the ministry and the LHINs, we met with more than 6,000 Ontarians, led 253 consultations across the province, including those open to the public, and received 1,160 emails and 187 formal submissions, mainly from organizations. This feedback will inform draft legislation and implementation planning as the ministry moves forward with the *Patients First* transformation agenda.

I'd like to provide a bit more detail on the work accomplished to address the audit recommendations. Broadly, the ministry has:

- conducted an inventory of caregiver training and education programs across other jurisdictions to explore approaches that can be adapted in Ontario;

- convened a Patient and Caregiver Advisory Table on Home and Community Care to provide feedback and advice on the implementation of the road map;

- initiated the development, importantly, of a levels-of-care framework that will support clients with similar needs to receive similar levels of service regardless of where they live, and will be based on best practices consistent across the province.

We've also initiated work with Health Quality Ontario to review home care indicators and begin development of quality standards for home care.

The ministry looks forward to continuing this important work, and is committed to addressing the recommendations of the Auditor General. Once again, the ministry, the OACCAC and the three CCACs with me today would like to thank the Auditor General and her team. These recommendations will become an integral part of the evolving strategy in the coming months and years.

I'll now pass over to the CEO of the North East CCAC, Monsieur Richard Joly.

Mr. Richard Joly: Thank you, Deputy Bell. Good afternoon, everyone. Bonjour, tout le monde. My name is Richard Joly and I am proud to lead the team of the North East Community Care Access Centre. I'd like to thank the members of the Standing Committee on Public Accounts for asking us here today to talk about the varied programs and services we provide to our patients, caregivers and families, and, of course, the challenges we all face in terms of limited health human resources, and the ever-growing demand for home and community care.

I'd also like to acknowledge the work of the Auditor General of Ontario and her office on behalf of the people of Ontario. In the North East, the AG staff got a small taste of what care coordinators and therapists experience on a daily basis: the challenge of travelling our vast geography during the cold wintry months. But I am happy to report today that they all survived their stay in northern Ontario.

It's no secret that home and community care is complex and changing very quickly. Ontario's 14 CCACs care for some 720,000 patients each year. That's more than double the number of people we served just over a decade ago, and their health needs are substantially more complex.

The ability to provide excellent, individualized care, both in the home and in the community, for so many Ontario residents is a great success story. Patients have clearly articulated their health care goals. They want to be home from hospital as soon as they can. They want to live independently, and with dignity, as long as possible in their own homes and home communities.

We help them achieve these goals through the hard work of our dedicated front-line health professionals, including CCAC care coordinators who liaise with physicians, hospitals, long-term-care homes, community support services and many other health care partners to provide this level of care on a daily basis.

There are 25 hospitals in my region where thousands of patients receive excellent care. The CCAC provides care to thousands of patients in literally thousands of different settings, posing challenges to consistent and standardized care. Across Ontario, there is a wide variation in volume and complexity of populations, system partners, human and financial resources and LHIN-driven priorities.

Consider this: The boundaries of the North East CCAC represent 42% of Ontario's total land mass. That's

roughly the size of Germany. And yet, we serve a population of only 554,000 people, who live in a mix of urban, rural and very remote communities scattered across 415,000 square kilometres. Yes, it is a daunting task, but on any given day, we provide individualized nursing, personal support and rehabilitation services to more than 15,000 patients in their homes and home communities across the northeast. How do we do it? Through collaboration and teamwork.

Our team of 240 care coordinators works closely with other health care professionals, with 40 contracted service provider organizations, at 25 hospitals, 43 long-term-care homes, 27 family health teams, six community health centres, 374 schools, 68 community support service agencies, six nurse-practitioner-led clinics and one group health centre. This is in the NorthEast alone. While we may be diverse in location and approach, all CCACs in Ontario share one common goal: to ensure patients get the care they need, when and where they need it.

It is now my pleasure to turn the floor over to my colleague, Megan Allen-Lamb.

Ms. Megan Allen-Lamb: Thank you, Richard. My name is Megan Allen-Lamb and I am the chief executive officer of the Central Community Care Access Centre. Like my colleagues in other CCACs, we welcome and acknowledge the recommendations made by the Auditor General to improve how we deliver care to our patients and their families.

Today, I am pleased to speak with you about care coordination as an increasingly valued and necessary role in Ontario's large and complex health care system.

Care coordinators are regulated health care professionals, such as nurses, who use their clinical skills each and every day to assess patients' medical needs and their support needs. They're working in partnership with our patients to co-create care plans with specific treatment goals. When patients are ill and at their most vulnerable, care coordinators get them the necessary services they need. They help caregivers and families navigate a very complicated health care system to keep them safe at home, in community, where they want to be.

Working on behalf of and in partnership with patients and their caregivers, care coordinators engage and consult with many members of the care team. That includes family physicians, nurse practitioners and other health care providers. Care coordination is at the heart of an integrated health care system, bringing together professionals and different services and supports, wrapping care around patients to keep them safe at home.

Knowledgeable and resourceful, care coordinators also focus on supporting caregivers in their role. We know more and more families are living with loved ones with complex needs and that we all need to reach out and support caregivers in the best way that we can. They are the heart of the home.

Each year, Central CCAC serves an increasing number of patients with complex, chronic health conditions. Just five years ago, approximately 56% of our patients had complex, chronic conditions. Today, that's well over

73%. In the past, these patients would have stayed in hospital for long periods of time. They would have transitioned to a long-term-care home. But today, now, we are pleased to share that we are bringing home many complex patients with chronic health conditions. We hear time and time again that home is where they want to be.

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Meeting the needs and expectations of our patients, their families and caregivers requires a focused and integrated approach to care. That's where care coordination is vital. Last year, our team—my team—at Central CCAC responded to almost over 300,000 calls from patients and families. That's 900 calls a day that the Central CCAC team is fielding, helping patients and caregivers get connected to services.

We delivered care to over 82,000 patients in community. I am delighted to share that our care coordinators completed over 70,000 visits face to face with patients and their families. In addition to this, we helped over 39,000 patients transition home safely and appropriately after an acute care episode in hospital.

In addition to that, we helped 3,800 patients make very difficult, life-changing decisions when moving into a long-term-care home. As you can imagine, those are very difficult conversations with patients and their families.

Lastly, we helped close to 2,500 patients die in their place of choice.

That is just a snapshot of the workload of one of 14 CCACs in this province. They are just a few of many examples of how care coordinators, working in partnership with others, positively impact the lives of patients, families and their caregivers, helping them get the care they need to stay safe, well and at home, where they want to be.

I am pleased now to turn to my colleague Marc Sougavinski to talk about the future of the health system, one that leverages the value of care coordination and delivers patient-centred care.

Thank you.

Mr. Marc Sougavinski: Thank you. Hello, everybody. Mr. Chairman, can I know how much time I have left, please?

The Chair (Mr. Ernie Hardeman): You have just under two minutes left.

Mr. Marc Sougavinski: Okay. I'm Marc Sougavinski. I'm the CEO of Champlain CCAC. I have been in this position in Ontario for about 11 months now. I was greeted on my first day by the Office of the Auditor General, which proved quite interesting. I recommend to my friends CEOs that they should always start with a report of the auditor. I mean it; it proved to be very useful.

Six months after the report, we have made some progress on a variety of issues—of course, not all of them, perhaps, but certainly many of those. We have taken steps to improve consistency of services. We have improved patient experience. We are reviewing and continue to refine performance and productivity measures

and caseloads for care coordinators and direct care nurses.

Home care is not an area where we can or should have long wait-lists. Wait-lists in home care are dramatic to the clients, to the community and to the system. We have continued to work actively with the ministry to monitor progress on wait times.

We have moved forward to further refine the definition of “missed care” and performance targets and are collecting that new data.

This, of course, will continue, but now in the context of a major reform and structural changes aiming at better integrating first-line services in the community.

In line with the auditor's recommendations, we are moving toward an organization where our care coordinators have caseloads that are manageable, so that care coordination is a more comprehensive and integrative venture than it is at the moment.

Our staff, and the service providers' staff, are building stronger expertise required to provide care to those patients who have tremendously high needs, as my colleague pointed out, that we care for now and that will be the trend for the future.

Patients and their families will be best served when different partners in first-line services are highly integrated. That means doctors, community organizations, community health centres, and even hospital specialists—why not?

We want more coherence and continuity from service providers, and staff better matched to the actual needs and characteristics of our patients.

We need a specific set of programs and support for caregivers, a recommendation of the Auditor General and the ministry's 10-point plan.

Finally, we must reach a point where budgets are better matched to the care for each patient. Patient needs and complexity grows. As the number of patients and length of stay in home care increase, funding needs to keep up.

At Champlain CCAC, adult complex clients have increased by 33%—and that's just in the last two years—hence, the tremendous importance of the work regarding the levels-of-care framework in which we are actively engaged with the ministry.

In conclusion, we support changes that will deliver higher-quality, more consistent, more equitable and better integrated home and community care across the province.

The Chair (Mr. Ernie Hardeman): I thank you very much for your presentation. I did have to look the other way. The Chair doesn't have to pay any attention to the clock unless somebody asks him to. With that, we will start the questioning with Ms. Gélinas.

M^{me} France Gélinas: I will start my first round of questions at what I call the 10,000-foot level and then drill down to some of the specific recommendations that the AG has done. As well, I want to thank you for the report that you have written, both the ministry and the CCAC, to address each of the recommendations.

But starting at the 10,000-foot level, we know from the report—I'm sure you're all familiar with wait times. I appreciated that in your presentation you mentioned that wait times are not acceptable in home care for many different reasons, yet we have tremendous discrepancies between what should be your association's guidelines on being assessed within three days, within seven days etc., and what's actually happening on the ground. So my first question is, how do we fix this? How do we make sure that the assessment and the home care treatment start within a length of time that makes sense, and that we don't have those long wait-lists?

Dr. Bob Bell: Maybe I'll start with the ministry's perspective and pass off to my colleagues, Ms. Gélinas. We recognize that there are inequities across the province from LHIN to LHIN and from CCAC to CCAC with respect to per capita funding depending on how it's measured—per capita funding based on age; per capita funding based on frailty scores. These are historic differences that need to be corrected.

A couple of measures for correction: One is the use of the health-based allocation method, a way that has been used across the system to try and true up health care funding, giving appreciation for elements of increasing population within certain communities—the Central LHIN, for example—appreciation for elements related to acuity, age and populations. That's one method of realigning, using incremental funding to increase proportionately, according to needs determined by the health-based allocation methodology, how much incremental investment we provide to each CCAC.

The second method is to look at incremental funding models and look at the distribution of funding based on the needs of the most acute patients, so to look at the proportion of patients in communities, in addition to HBAM methodologies, that have higher acuity scores—MAPLe 4, MAPLe 5 patients—to use that as a way of truing up disparities in funding that occur, with, as you know, \$250 million of incremental funding this year for the home and community care sector. Looking at distributing that incremental funding in a way that addresses some of these inequities: That's a starting point from the ministry perspective.

Perhaps I could ask my colleagues to talk about their—

Mr. Marc Sougavinski: I'll speak to wait-lists. I put it in my presentation. It's something that I call a phobia of mine, because I think that from the wait-list there are a lot of other issues that appear. That's where your assessments are laid. That's where everything starts.

It really important to understand that everybody has wait-lists because usually there's not enough capacity to absorb everyone. But in home care, it's really essential that we have a system that doesn't allow for a lot of wait-lists to occur, because we're really the last line. We're at home. If there is a wait-list in long-term care, we might increase home care to help people waiting for home care.

If hospitals function at a higher capacity, we all meet together and we see how we can get clients out faster and

how can other hospitals troubleshoot. In home care, it's not possible. If we don't give the service, people are at home and they don't have it. It's a shame, because it's the least expensive service, if you compare it to many others.

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I think that right now, we have provisions and work towards improving the levels of care, and a budget that better matches the different levels of care that we have, as Dr. Bell mentioned. But for the time being, the important thing is really to monitor those wait-lists very, very closely and make sure that we develop partnerships with others when we realize that we can't handle it anymore. We basically have to reallocate and reprioritize our budget constantly, but that will, by definition, create a certain amount of inequalities and hurts for the people who don't have the service.

Mr. Richard Joly: If I could just add, the one thing we also want to do now and in the future—the demand will just increase, and we know that. We need to decrease the demand on home and community care, and one way of doing that is working with our partner, CSS, our family health teams and so on, and also bring innovation in home and community care.

There is a lot of innovation going on. I can tell you from experience that we've changed our model of care for managing congestive heart failure of COPD patients by using Telehomecare. It's a huge success using Telehomecare. They have their nurse. There's the satisfaction of our patients saying, "I know it's just a phone call away that I have my nurse, and I'm connected. I can send my blood pressure, I can send my weight and so on, and I get advice."

Looking at service delivery models like Telehomecare, we're now actually expanding it with physiotherapy. You can imagine that Telehomecare makes sense in a geography like ours, but it makes sense for everywhere in Ontario.

That's one piece of innovation that home care can do, and there are many other ones.

Ms. Megan Allen-Lamb: Perhaps I can add to that. First of all, with respect to the reassessment wait times, we recognize the findings from the Auditor General in that regard. Patient safety and timely delivery of care are of the utmost priority for our care coordinators. Our care coordinators work together as a team on any given day, looking at the patients' needs and balancing those with assessment timeframes. We took the results from the auditor very seriously, and I can share that within Central CCAC, we are close to 90% of the assessments being completed within the established guidelines, and that our sector is also coming together in the next several months to look at those guidelines again, based on the complexity of the patients that we're serving today.

M^{me} France Gélinas: I will come back and drill down on this. That was my first 10,000-foot question. My second one is that the auditor made it clear that a similar assessment of needs leads to different levels of service, depending on, first, where in Ontario you are; second,

where in the cycle of the fiscal year you are, as in, if you are assessed in February or March, there's a good chance you will get less services than if you were assessed for the same problem and same needs in June, because of the need to balance your budget.

Again, at the 10,000-foot level, how do we make sure that people with the same level of needs get the same level of services without a race to the bottom?

Dr. Bob Bell: Thank you. Perhaps I could ask Associate Deputy Minister Nancy Naylor, who's leading the ministry's approach to the Donner report, as well as the Auditor General's report, to talk about levels of care, the work that's developing.

Ms. Nancy Naylor: Thank you for that question. I know our colleagues will add to it, so I'll make sure to leave time for them.

But briefly, I think the Auditor General's commentary and her recommendations around consistency of care resonated with all of us, in part because we'd had the advice from the expert group on home care led by Gail Donner. Her report, *Bringing Care Home*, had also raised that issue, and it has been the subject of work led by the Ontario Association of Community Care Access Centres as well.

We know from our data that when we look at clients with similar priority levels or acuity levels, they do receive slightly different levels of PSW support, nursing support. It is a positive trend that that dispersion is narrowing over time, and it's partly because of the collegiality in the sector and people working together. But we are working provincially on a levels-of-care framework that would define priority levels and acuity levels in the sector. In part, we have a good foundation to build on, with the RAI assessment tools and the MAPLe priority levels that are used by the CCACs to assess their long-stay clients, so we have a typology to build on there. But we do expect to be validating that with an expert panel over the coming months.

We are also working with Health Quality Ontario on some common care standards. They have initiated one on wound care. That's a big patient population in home care. A number of experts from home care and clinical sciences are coming together to evaluate the existing wound care standards and agree on a common approach there.

That's a couple of initiatives that are underway. I do want to leave time for our colleagues to speak to this as well.

Ms. Megan Allen-Lamb: From a CCAC perspective, when our care coordinators are in the home assessing patients, as we know, they are regulated health care professionals, and they're looking at the type of care that the CCAC can provide, but they're also looking at the different community supports available within each community.

Consider Mrs. Jones, living in a small rural Ontario town. Mrs. Jones has early onset Alzheimer's. She's living alone. There aren't the services available that may be available to Mr. Smith, who lives in an urban area, and the CCAC coordinator can coordinate transportation,

get him to an adult day program; he's connected to a seniors' group. It's the same diagnosis with early onset Alzheimer's—and he also lives with his family. In that circumstance, a care coordinator may assess that Mr. Smith receive two hours of personal support because he has all of these other community support services available to him, versus Mrs. Jones living alone in a small rural area, who doesn't have that same access to different services. A care coordinator may allocate up to seven hours, for example, of personal support for that patient. Same disease, same trajectory in their disease progression, but very different services available to them within the community they live within.

Mr. Richard Joly: From personal experience with my mother recently with end of life—I have to tell you she had a lot of support, and she never received one day of service from home care because of all of her support. In the assessment that she had, she scored very high, but her preferences were, "I have my family, they can care for me," and so on.

But then you could have someone else, another family—and you may have experienced that yourselves—where the daughter lives six hours away, and they need more support. So the assessment is the same, but the hours delivered are not the same. I have to tell you, the care coordinators live that every single day.

M^{me} France Gélinas: Just coming back to the RAI assessment, when do you expect the wound care recommendations to be out and implemented?

Ms. Nancy Naylor: My understanding is they're aiming for this fall. It's just gotten under way. They've had their first meeting. They expect to take about six months to evaluate existing wound care standards. At that point, they'll be reporting out to the health care sector and to the ministry. We'll be working alongside them to say, "How do we deploy this once it's ready?"

The system is very ready to have this. It's a good exercise for us to be prepared for training care coordinators, training service providers who treat these kinds of patients and to make sure from the ministry's perspective that we're supporting that not only with deployment expertise, but potentially funding implications.

One of the things they are evaluating, at the request of RNAO, another key stakeholder, is the use of devices, such as special casts and offloading devices. The clinical standards group will be evaluating the extent to which those contribute to wound healing for patients with complex wounds. So this particular term of reference is focused on the types of wounds experienced by diabetic patients or patients with circulatory problems.

M^{me} France Gélinas: Coming back to you, Deputy: When you talked about going to HBAM and using the incremental funding, do you actually measure the gap as to, if we had all the money in the world, this is what is needed to fill the gap, but we don't, so therefore we will take what we have and spread it to cover as much as we can? What is that gap, and have you ever measured it?

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Dr. Bob Bell: One of the advantages that Ontario has—that Canada has, indeed—is a plethora of data

related to patient care assessment that describes in a fairly objective way what patient needs are. We've got RAI scores, as you know, done over the telephone, the so-called RAI contact assessment, as well as RAI home care. Not only that; we've got one of the world's leading academic experts in how RAI scores can be used to evaluate contextual differences between care needed by patients and different outcomes that patients might expect.

Dr. John Hirdes, who is on the research faculty of the University of Waterloo and is a key member of Nancy's team, is helping us to understand the needs that patients have. Translating those needs into care plans and care protocols, as you've heard from my colleagues, is so highly dependent on the contextual factors of whether there is a committed family with health care experience. Are there community support resources present in the neighbourhood? Is this patient living in a rural versus urban area?

I think it's fair to say that the optimum care plan, the optimum level of care for each patient, is an analysis that we're currently undertaking based on many years of RAI data being collected, and the opportunity for us to now model that going forward. In terms of the gap, I think it's fair to say that we don't have a systematic answer for you at present. That's part of the modelling exercise that we're looking at.

What we do recognize, of course, based on demographic trends that the Ontario population is growing and Ontario's population is slowly aging, is that it's anticipated that more people will be frail, that more people will have cognitive decline, that more people will have need for care in home and community.

We also recognize that when we do surveys of patients' and Ontarians' desires, people tell us they want to be looked after in an independent setting in their home. I think it's fair to say that this answer is evolving, with the analysis of level-of-care data, and with the standardization of home care contracts used to employ personal support workers, nurses and therapists who actually provide care as we standardize those contracts.

I think it's fair to say that, as a ministry and as care providers across Ontario, we're learning a lot about opportunities for increasing efficiency of care and the introduction of technology that allows us to actually provide physiologic monitoring at home that previously could only be provided by a nurse driving to a home, measuring the patient's oxygen, measuring their blood pressure and their pulse. This can now be done over their iPhone.

M^{me} France Gélinas: Coming back to my questions, where I asked if you measured the gap between what is presently available and what should be available to meet the needs, the answer is no.

When you do set a new target, such as, "This year, we'll give out \$250 million more," where does this number come from? Is it based on money available or is it based on needs of the patients served by the CCAC?

Dr. Bob Bell: I think it's fair to say that in developing the budget for the Ministry of Health, there are a variety

of priorities that could use extra funding. There's no question.

I think what we're looking at in home and community care is an absolute priority. Certainly, increasing the budget by 5% is a meaningful stake in the ground that says, "This is an important and evolving area for investment in the health care system."

At the same time, I think it's responsible to Ontario taxpayers to simply say that it's an evolving area with rapidly evolving technology, with rapidly evolving standardization of levels-of-care measurement, with ways that we pay health service providers. It's responsible for us to be constantly re-measuring service wait times as we make these investments.

I think it's fair to say today that we don't know, with the variety of changes occurring, what would be the optimum amount of money to invest in home care. I think we're learning that as we make these investments and measure the impact. I think we'd say, in response to your excellent question, we're learning the answer to that question, and it's responsible for us to look at the variety of substantive changes that are being made in home care delivery and estimating what that further investment is.

M^{me} France Gélinas: How much time?

The Chair (Mr. Ernie Hardeman): One minute.

M^{me} France Gélinas: One minute. I'll save it for my next turn.

The Chair (Mr. Ernie Hardeman): Okay. Very good. Thank you. To the government: Mr. Fraser.

Mr. John Fraser: Thank you very much for being here today. I want to start out by saying, when we were looking at this report and I spent a bit of time thinking about health care—I always like to remind people that it's care that's delivered to thousands of people in thousands of places by thousands of people every day, and people with unique needs. When I was listening to Mr. Joly, I hadn't really spent a lot of time thinking about all the relationships that exist inside that world with hospitals and service providers, contractors, public health agencies.

There's a lot of complexity that exists in the sector and that's a challenge that goes right across all sectors of health care; most people don't recognize that when they look at that from someone receiving service. I think the paradigm that people have is a nurse visiting in the home and checking on your mom or your dad. I know that it's more complex than that, but I think that their expectations are that we're there to serve them.

My first question is a 10,000-foot question and it's around variability and the variability of service. I had the opportunity in the last year to speak to a lot of people on another issue, palliative care, which intersects with your world very much. The experience of the Champlain LHIN where I reside is that variability is not an issue because we're served and well contained within our geographic area, but I did hear about variability of service across—and in particular, I know that Mr. Milczyn has an intersection; my colleague, Yvan Baker, I think has four corners. So he's got four different CCACs serving people. It highlights the challenges that are there.

So when you're talking about a level-of-care framework, can someone be more specific about how that's going to change what it is and meet the expectations of people in a consistent way?

Dr. Bob Bell: Perhaps I'll start and then pass to my colleagues. I want to deal with the issue of LHIN boundaries, as a starting point, because we recognize that this is an issue for our CCAC colleagues, for home care delivery, health service providers, and certainly within the Patients First framework that Minister Hoskins announced on December 18.

The opportunity to look at a revision of boundaries of LHINs is something that is of interest. We know that LHINs have been present for 18 years. CCAC boundaries are defined by LHIN boundaries, and certainly the opportunity to align these perhaps better with municipal boundaries, with board of health boundaries, is something that's under active consideration.

When we think about the standardization of care, perhaps one of the best places to think of it is in the area that I know is of intense interest to you, and that's palliative care. To provide the framework for where we're starting, we know that 70% of Ontarians say that when they're reaching the end of life, they want to remain in their home or in a non-hospital setting. We know that, currently, when we measure the outcome for patients who pass away from a cancer diagnosis, 70% of those people end their lives in hospitals. So we're not doing a good job of meeting the needs, as you well know from your conversations across the province.

If we look at the way that this will get better, one of the things we need to do is carefully measure these outcomes. As you know, in the Ontario Palliative Care Network strategy, one of the initial investments is in a registry that actually recognizes which patients have palliative care needs. That's perhaps more readily available for patients with cancer diagnoses, but we also know that patients with advanced congestive heart failure, advanced chronic obstructive pulmonary disease, folks with a variety of other conditions can be recognized by their providers as having palliative care needs—perhaps not as readily recognized as with cancer patients.

1320

Those patients, their families and their caregivers undergo distress if somebody who is in the last stages of unfortunately passing away from heart failure goes back and forth to the emergency department, constantly being admitted to hospital, as opposed to being recognized as a patient who has palliative care needs, managed at home or perhaps in a hospice with symptom support and an understanding of what choices are available, and the support to make those informed decisions.

We think that we could do a much better job of standardizing care, thanks to the great work that you've been doing, giving us feedback from across the province and helping us to introduce the concept of the Palliative Care Network, which defines who is in need of palliative care. We think that's a very important step of standardizing care for those patients who have end-of-life needs.

Other areas in terms of standardization I'm sure my colleagues would respond to.

Mr. Mark Sougavinksi: I can give a high-level response too, because I've been around the health system for 30 years—I'm not that old, but still—and this issue of harmonization is always omnipresent.

I understand it's a complicated question, but when you're at home, dealing with people at home, you are going to have a lot of variations. Don't forget that at the same time that we want to harmonize everything and we want everything to be the same, within limits, we also want people to have choice and to make decisions for themselves. To balance the two is not always easy.

I had situations where we do an RAI assessment, we do a score; the person is entitled to so many hours of care to help them—it was for a child—to give a bath and so on. The person doesn't want that. The person would rather use that money and do something else with it, which doesn't really correspond to our program. What do we do in a situation like that? Do we make an exception and go along with the wishes of the person? But then it's going to be very different from what we give to the neighbour.

These are the real questions we have when we are in people's homes. The people are not in our hospital or in our environment; we are in their environment. So there is that factor—

Interruption.

Mr. Mark Sougavinksi: Music when I speak.

So that's important. I think that we also don't want to take away from the judgment of our professionals. We hire people who are very skilled. We are care coordinators, mostly nurses. They go home. You don't want everybody managed via a test that we do. People have an expertise. They have a certain professional judgment. They need to exert it. So there again, you are going to have some differences, depending on each situation.

I think that we need to have a certain amount of broader categories. Certainly, we could have more harmonization between ourselves—the CCACs or whatever it's going to be called in the future—to make sure that if we have wait-lists, which we shouldn't have, they're managed in a way that's a little more even throughout the province.

But I would also caution against being too obsessive about it, because we're really in an environment that's moving constantly and we want to respect people's opinions, choices and wishes. I think that's a top priority in our kind of service—in every service, but particularly when you're in somebody's home.

Mr. John Fraser: Okay. I may come back to it again.

I have another question that's a bit more specific and not at the 10,000-foot level. It was under the section on how coordination of in-home services needs improvement, and there were issues around caseloads and how caseloads are variable as well, which is a concern.

But one thing that did concern me when we were discussing this and when we took a look at the report was the case of discharge follow-up. There was variability

across the three CCACs that were looked at. You all know who you are and you all know how you scored. One CCAC followed up with 83%, one did not follow up with 82% and one didn't measure. That's pretty wide variability. I want to understand why there is that variability. What is being done specifically to deal with that?

We used to have something called, "Take them to the peas." I came from the grocery business, so if somebody asked you where the peas are, you didn't point them over there; you took them and you made sure that they got there, and that you completed that question or inquiry, that transaction. That goes against what I think is a customer service model—but it's also the model of how do you ensure the outcome that you intend is actually happening, or that you're able to intervene if necessary?

I don't have the data in front of me in terms of readmissions after a discharge. I know there's a broader question, but I have a concern for the one that hasn't followed up with 82%. What's being done to remediate that? I'm not sure—I think that's—

Mr. Marc Sougavinski: You're looking at me.

Mr. John Fraser: I'm not sure which—well, you all know.

Mr. Marc Sougavinski: In terms of the data, I'll have to check. I don't have those data in front of me per se. I can tell you that we are absolutely doing those follow-up calls. At the time of the audits, it was the year prior, so I'm not certain about that. I can tell you now we're doing them and I can get the scores easily.

There's a process with discharge that goes there to—I mean, it's important also to point out we don't throw people in the street. There's a meeting with the family or the person. Certainly, everybody knows how to call us back if they need some help further down the line. We make sure that whatever the needs were of the people who were in are now complete, satisfied, and then we move on. We do make those calls, but I can't tell you today what the exact percentage is. It's high; we do all the calls as far as I'm concerned. We'll miss some because sometimes we call a few times, and after that we give up. So it's not 100%, but it's systematic.

So I'm not certain about the data you are presenting. For me, it's really in the past. But it's not the case right now; I can guarantee you that, if it's us that we're talking about.

Mr. Richard Joly: I think it's a great question and it's critical. You're right: In the private world service business, you go and service your car, you get a follow-up: "Were you completely satisfied?" I know that because my wife owns a car dealership. I looked at that model, saying, "How can we do that in health care?" Hospitals have figured that out. Hospitals are now following up on discharged patients. Home care needs to do the same.

Marc said correctly that every patient knows where to come back to if they need to come back, but to do that warm follow-up and prevent a person from going to the hospital and so on is a critical piece for our sector, and we've undertaken steps as a sector to standardize that process. That work is under way.

Mr. John Fraser: So in terms of the follow-up after that, if there's remediation that's—

Mr. Richard Joly: Correct.

Mr. John Fraser: —as a result of—

Mr. Richard Joly: You just nip it in the bud if there is an issue going on with the patients or families.

Dr. Bob Bell: Perhaps one of the things we should also mention are so-called bundle care pilots, demonstrations that are occurring now across six hospitals, I believe. Nancy, would you like to comment on the progress that we're seeing with bundle care as something that we think will represent the future of post-discharge home care in the province?

Ms. Nancy Naylor: Right. Those are a promising initiative under the home and community care road map that Minister Hoskins initiated last May. We have launched those in six sites, including hospitals like Trillium and Sunnybrook. It represents a partnership between the hospital and a community provider to define an episode of patient care. It could be a cardiac episode, it could be a CHF or COPD episode, as Dr. Bell was mentioning. The idea is to define a care pathway. So in a sense, even though a patient changes care settings, they really never experience discharge from one care provider to another care provider. What's been interesting to us is that all of those teams have taken a little longer than they had originally intended to define the care pathway and to define the resources it takes to provide that support.

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Our participation has been a little bit of project management money, but also an offer to create a customized budget for those types of patient episodes. We use what we call a carve-out from both the hospital budget and the home care budget to put that together, so it's not just bundled care, but bundled funding to accompany those patient episodes. That does seem to focus the team's solidarity around that particular patient population and the episodes of care.

Right now, we're aware that we have just under 400 patients in one of those trials, so we're expecting to learn a lot. We're expecting to take the care pathways that we have developed in those six and spread those, but also identify some new types of patient populations that might benefit from that type of initiative.

Dr. Bob Bell: I can say as a cancer surgeon who used to have a lot of patients discharged after major surgery that one of the biggest challenges for this patient population in Ontario leaving hospital is exactly what you've defined: the sense of a sharp transition, not a warm handshake. That's changing pretty dramatically now across the province, both in the hospitals you've identified—"Here's a number to call 24/7"—but also in, I think, our home care systems. There's much better communication occurring between the hospital providers and the home care providers.

Mr. John Fraser: Thanks. How much time?

The Chair (Mr. Ernie Hardeman): You have about four minutes.

Mr. John Fraser: Four minutes? Okay.

Mr. Sougavinski, I just want to let you know I wasn't singling you out. Our office has had good support in terms of response to any inquiries. But it is a concern, that variability when I look at that, because intuitively, I think that's an important way to keep people out of being readmitted to hospitals and into emergency wards.

I do have one more question. It's a bit more of a personal anecdote. It has to do with my mother saying this to me; I didn't initiate her saying this to me. This is before you were there as well, Mr. Sougavinski, but I think it's an experience that's across the province, which is: "You know, I can remember someone coming in to assess me, but I never heard anything else. Then, I saw somebody else." My mother has mentioned that to me on more than one occasion. My mother was a registered nurse, and she's in her eighties. It was around—my father, before he had cancer, was diagnosed with vascular dementia. That was an experience that we had.

I have a question. How are we addressing those duplications that exist in the system and preventing those? Because that's a waste of resources. Also, on a trust basis with a client, if you talk to somebody about meeting their needs or finding out what their needs are, and then you don't give a response, that creates a gap.

That's it, if anybody wants to take a stab at that.

Mr. Richard Joly: I can tell you about another innovative initiative, because we lived it in the North East CCAC. What we've heard from patients' families is that the communication between organizations and so on could be much better. Now, we share assessments. Our assessments are shared between hospital, community support and so on. We know what organization assessed what, and we can use that. It's a repository of all the assessments.

But one innovative way to put down the communication barriers is a program called e-notification. For us, we were early out of the gate with our 25 hospitals. It's all done in the background; it's all electronic. Essentially, an e-notification is—if a patient presents in emerg, instantly we get a notification that that person is now in emerg. So it doesn't take days or the chaos of, "Is the person receiving home care? Let's find the home care coordinator." It's done automatically.

I've seen it live and I can tell you that the ER doctors and nurses love that e-notification. They know what the plan of care is in the home; they can continue it in emerg. Then we even get an e-notification if the doctor decides, "Let's admit that patient." Now that we know the patient is admitted, we can call their service provider and say immediately, "Cancel that visit," so that there are no missed visits and so on.

Then we get an e-notification when the doctor says, "Now, this person can be discharged into the community." It's tremendous for the care coordinators. It reduced that kind of confusion. The patient didn't need to repeat their stories. Now, the physicians caught on to e-notification because we have that now in 25 hospitals. They want e-notification into their practice. So I'm a physician; I want to be notified immediately when my

patient presents in emergency and presents in being admitted. That's an innovative way of trying to break those barriers.

The Chair (Mr. Ernie Hardeman): Hold that thought. Official opposition, Ms. Munro.

Mrs. Julia Munro: Thank you for joining us today. I too have a 30,000-foot question to begin with. It stems from the references that the auditor made that others have referred to, and that is the question of, in her own words, "Home care funding to each CCAC is predominantly based on what each received in prior years rather than," within budget, "on actual client needs and priorities." As others have explained, this leads to making discretionary decisions on budgeting as the annual clock ticks away.

I want to go beyond recognizing that as an issue. I want to know: What are the obstacles to making it an easier thing to understand in terms of why one CCAC might have a different level of service than another? In my role as an MPP, somebody phones and says, "Well, my neighbour got this and I've got this. My cousin lives in North Bay and they have that." It seems to me that this is an issue. It's also an issue in terms of your own planning and it being subject then to these historical relationships as opposed to ones that then might, in fact, reduce questions around caseload management and things like that.

I'd like to start with that particular comment by the auditor: What are some of the obstacles and some of the reasons why we should be looking at it?

Dr. Bob Bell: Thank you for that question. I think it's fair to say that there's a lot of history in home care. As you know, home care used to be under the purview of public health. It then transferred to CCACs; I think it was 45—

Ms. Megan Allen-Lamb: Two.

Dr. Bob Bell: Forty-two CCACs prior to 10 years ago, and then, currently, the transition to 14. It's also fair to say that there has been a fair amount of history with the allocation of contracts for health service providers. Of course, the major expenditure that CCACs make, care coordination, is something that we've talked a lot about today, but the actual visits to the home, in addition to the assessment visits, are made by personal support workers, nurses and therapists who are employees of health service provider organizations, as you know: VON, Saint Elizabeth, etc. There's a lot of history related to the contracts that define the payment, the terms of work, for the various people who provided service through the health service providers. I think we're starting to move on a lot of that history and a lot of that inequity that existed.

For example, personal support workers: This has been a very precarious form of work. People going into your home to look after your mum or your dad didn't have solid employment to really define that work. Certainly, the increase in pay over the last three years, this being the final year of increasing pay for personal support workers, by \$4.50 to a minimum of \$16, has been essential to bringing a stable floor and to make this a less precarious

form of work. That has also highlighted to us, as we've implemented that investment in personal support workers, the differences and the lack of standardization in health service provider contracts as well.

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We understand how this happened over the years, but the issue is, can we now bring standardization to those contracts? One of the major tasks that results from Dr. Donner's recommendations is to consider how we might standardize those contracts, which would change the equity of distribution of resources across the province.

The other thing is, of course, the province is different than it has been in the past in terms of aging areas and in terms of growing areas. I think it has been in the last three or four years that we've actually started to bring the distribution of home care services into the more "modern" approach, I guess is the term I'd use, to the distribution of health care resources that we use in other areas, as we've used in hospitals for the last six years with health system funding reform, looking at the attributes of populations and deciding how we service those needs.

This has been going on now in the home and community system for the last three years: the distribution of funding based on features related to the health-based allocation method we talked about earlier, and the distribution of incremental funding through that means. I think this year, that's going to progress even further. Looking at the relative distribution of resources to complex patients, using MAPLe scores, and understanding perhaps inequities that exist there, is one of the ways that we're looking at dealing with this issue. So we absolutely recognize this issue.

Again, making investments in an incremental fashion, I think, is responsible in that we know the ability to care for patients is evolving rapidly too, with things like technology, and we want to ensure that we're making judicious investments. One of the key issues in terms of the methodology for making investments is to look at inequities that exist in funding across the CCACs and regions.

That's the ministry's perspective on this, Ms. Munro.

Mrs. Julia Munro: One of the things that I would assume—and I'll ask you that question—as a fallout from this is that with that kind of rationalizing, you would be better able to provide measures of assessment. That whole issue about how care coordinators' caseloads vary, and some don't keep up to date, and all of those things: Would those kinds of issues be part and parcel of this other kind of financial lens put on the organization?

Dr. Bob Bell: Perhaps I could ask my colleagues to comment on the issue of standardization of workload amongst care coordinators' caseloads.

Interjections.

Ms. Megan Allen-Lamb: What I would say with regard to that is that our care coordinators in Ontario are delighted that the government has put a priority on standard levels of care. That is their biggest challenge when we have patients coming in from different regions

into our CCAC region. We hear about the different levels of service that are available in one LHIN area compared to the next. So we're absolutely delighted and pleased to see that within the 10-point plan.

In addition to that, in the 10-point plan, is looking at community capacity, because that is also part of the equation: not only standardizing the funding across the CCACs' levels of care, but understanding what are in those communities with respect to the different services and supports.

Mrs. Julia Munro: That leads into my next question. Will what you see happening in the near future also provide a flexibility? The flexibility I'm asking about is where a certain set of health issues seems to be more prevalent in a particular area. That area, that local CCAC, has been able, with this kind of flexible funding, to provide additional service on that particular health issue that somebody else doesn't have. So it would seem to me that we'd also be looking for that kind of flexibility, such that if it's an issue that is more predominantly in a particular area, they're going to be recognized for that.

Dr. Bob Bell: I think you're defining one of the key elements of the discussion document that Minister Hoskins released in December, and that is a new focus on what we call "population health" and defining particular health challenges within populations.

If you look at the distribution of health care resources across Ontario, you might think that the greater the population health needs of a community, the more health system resources might be invested in that community. And, of course, that really hasn't happened. It's been a historical, traditional allocation of resources or the selection of areas the practitioners want to practise in as one of the major determinants.

What we're looking at with the initiative to bring population health planning to the LHIN table through the integration of public health expertise, through the medical officers of health sitting at the LHIN table, through information coming from Public Health Ontario to inform population health descriptions and planning is to really look at this purposeful, thoughtful investment of health care resources. So if we have an area which has a higher prevalence of chronic disease like diabetes, we might think there would be more dieticians in that community, we might think there would be a greater focus on wound care in that community.

To be absolutely straightforward, that plan-full approach to health system resource distribution has not happened in a very purposeful way. We think it can happen in a much better way with this increased attention to population health that will inform all aspects of health system investment, especially home and community.

Mrs. Julia Munro: From what you describe, I can also see it having an influence even on choices for medical practitioners that would see an opportunity, that here's an area that recognizes the supporting role that is necessary.

Dr. Bob Bell: When you look at the past, it's hard to determine who has been responsible for the distribution

of primary care resources across the province. Surgeons may be recruited to hospitals that have needs for total hip replacements, but when you look at the distribution in primary care providers, advanced practice nurses and primary care physicians, there hasn't been a very plan-full approach to that. We think that's one of the opportunities we have.

The discussion document that was released in December says that LHINs should be responsible for that and LHINs should have an understanding of the regions within their LHINs, or so-called "sub-LHIN regions," sort of similar to the health links geographies that have proven successful in treating high-complexity patients, and that LHINs should have the responsibility to say, "Gee whiz, this area needs more primary care providers," and perhaps, because of the population health challenges present in this region, it needs a community health centre or it needs a family health team. Those are the kinds of planning changes that are anticipated under this discussion document that has been out there that we referred to earlier.

The wonderful thing about bringing together CCACs and LHINs is we also think the integration of primary care with home care is an enormous opportunity. When we think of the care coordinators, which you've heard a lot about, for complex-care community patients actually being embedded within primary care environments, we think that's a huge opportunity for increasing integration, as I know many of our CCACs are currently doing. We think to further evolve that will be a big piece of better distribution of resources.

Mrs. Julia Munro: Thank you.

The Chair (Mr. Ernie Hardeman): Ms. MacLeod

Ms. Lisa MacLeod: I have a number of areas I'd like to address with you. I think I'll start out where John Fraser left off, with respect to the Champlain LHIN. I was disappointed to learn that 82% of your clients that were discharged didn't receive follow-up. Given that we know through the auditor's work that 25% of discharges are often premature, I'm wondering how you reconcile that with effective care. In my community—I live in Ottawa—at the same time today, the Ottawa Hospital said that they follow up with every one of their discharged patients. That was a public announcement that they made on social media.

My question to you, sir, as well as to the association and to the deputy, is, how could that happen, and what concrete steps have you taken since this auditor's report has been tabled in order to ensure that that number is closer to 82% being followed up, rather than 82% not being followed up?

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Mr. Marc Sougavinski: Like I was saying to Mr. Fraser before—and I will give you the same or a similar answer—as we speak today, I can certainly tell you that those phone calls and those follow-ups are being made. I cannot tell you if—

Ms. Lisa MacLeod: So what did you do that's different between—I mean, I do understand that you

weren't there, but what processes have been put in place? It's all very well and good for people to come to these committees, as they often do, and tell us that they're doing it, but they don't show us the proof.

So I guess my question to you is one step beyond where Mr. Fraser went. What processes have you put in place in order to ensure that you can tell me, as the local member of provincial Parliament, that in two or three years, if the auditor goes back, she will actually find that that statement is accurate?

Mr. Marc Sougavinski: Essentially, our team reviewed the recommendations of the auditor, and many of those related to very specific issues like this one, and others—caseload size or number of assessments reached within a certain time. When we reach the number of calls made afterwards, after a client is discharged—our teams have basically reinstated that. I know it was stopped for some time. I'm not exactly sure of the reason why at that time.

It's kind of an on-and-off switch, so basically we made sure that the switch was turned back on and that it's been done. Data is available; I just don't have it with me today but I will be pleased to get it for you, absolutely. There's no problem with that.

Ms. Lisa MacLeod: Okay. That's really good. Just to continue on, because I do have you here: With respect to the Champlain LHIN, we get complaints from time to time—or the CCAC. We do get complaints from time to time. In fact, last Thursday, I had an opportunity to speak with one of my constituents who had just utilized your services, and what I was told was something quite interesting.

The materials, bandages and other health care aids that he required at the time: There was a necessity for him or his caregiver to order far more—I don't know what the appropriate word would be, but far more supplies than were necessary. Once he was complete and he was fine, they had basically bandages and gauze—a lifetime supply of it, effectively. Then another individual heard this story and recounted a similar experience.

I just worry, when you're looking at the high growth in costs of health care and home care and the fact that we are a growing population, particularly where I live in Nepean–Carleton. I look at that level of waste and diverting from what needs to actually be put in place, and I wonder how you can better manage that system, so that people are getting the appropriate level of care but that there aren't leftover supplies with those who have been discharged. I've heard that consistently throughout the years, but this particular week it had arisen again.

Mr. Marc Sougavinski: I can tell you that I'm aware of that issue, because I've heard it too, several times. It's an issue that's very high on our radar in terms of trying to deal with it, and it has been brought up by several of our patient committees that have experienced that same thing.

There is certainly improvement that we can do in the distribution and so on, but as it turns out, it's a more complex issue to address than we anticipated. Last year,

we went through an RFP. We visited the distribution companies that we have. We now have one for the entirety of Champlain. We're going to work with them to review the distribution of materials. There are issues related to the fact that when some material is given to a home, to get it back, to save it—because of infection, it's not necessarily the right thing to do and so on. Sometimes other issues are related to the fact that it's easier to order than to go several times to augment the material as needed and so on.

Right now, it's high on the radar. It's one of the main issues we have to deal with, and we're looking at it seriously to try to reduce that amount of waste—because we're talking about waste, really. That's what we're talking about.

Ms. Lisa MacLeod: Well, it is.

Mr. Marc Sougavinski: So we're very aware of that issue and we're going to take steps this year to go to the bottom of it.

We just had a new provider for our equipment, services, supplies. From now on, we're going to start the process of really looking at where it is that we have opportunities to improve that process. So you're right. It's on the radar and it's on the to-do list for this year.

Ms. Lisa MacLeod: I'm glad to hear that.

Ms. Catherine Brown: May I add to that?

Ms. Lisa MacLeod: Yes. Actually, who are you with?

Ms. Catherine Brown: I'm with the association.

Ms. Lisa MacLeod: Okay. I'm going to tack on one more question because I know we don't have—

The Chair (Mr. Ernie Hardeman): No, you're not.

Ms. Lisa MacLeod: I didn't have enough time.

The Chair (Mr. Ernie Hardeman): Okay. We'll do that in the next round. We thank you very much, but that time has expired.

We'll now go to the third party, again. In this rotation, it will be 17 minutes for each caucus.

M^{me} France Gélinas: Plus my one minute I saved from the first round?

The Chair (Mr. Ernie Hardeman): I appreciated it much. It will get me home earlier.

M^{me} France Gélinas: We're going to drill down a little bit. The Auditor General says that a client with a RAI home care score of seven would not receive any services in one of the CCACs, but would qualify for services in the other two. So there were three of you; we know which one is which.

I'm going to start with you, but I will ask all three CCAC executive directors as to how that could be. Why is it that, in your LHIN, a score of seven qualifies for services, but in another it doesn't?

Mr. Marc Sougavinski: In ours, it wouldn't, first of all. Essentially, we work with partners. We're in the community, and we work with partners. I think that there's a trend to—and it's also a recommendation of the auditor, actually—I think the word that was used even was “expedite.” But at some point we move clients who have lower RAI scores in the community sector to be served by community services.

If it's at the lower end, we say to people, “Well, you're not quite eligible for our services because we really”—if you wanted some kind of a threshold for public home care services—“but there are many community organizations that are there that can help you, depending on the need.” So we don't leave people cold, but we certainly orient them towards an appropriate association.

M^{me} France Gélinas: Thank you.

Ms. Allen-Lamb, how would a number seven score fare in your CCAC?

Ms. Megan Allen-Lamb: I would like to just go back and recognize the comments by the deputy with respect to the inconsistency that has existed for years, in terms of funding. That is then directly attributed to the amounts of care that we can provide in any given region.

With respect to any patients who come through our door at the CCAC, our care coordinators understand their challenges more than anybody else. When we don't have the funds to support patients, we certainly look to our community partners. Last year, I can share that we connected over 8,300 patients to community support services within the central region. So if we are unable to meet the demand, we certainly look to connect our patients—our care coordinators do that each and every day—to different community support services.

M^{me} France Gélinas: Mr. Joly?

Mr. Richard Joly: In our CCAC, certainly, they would qualify for services. But there is a huge difference and it's the geographical differences that exist. I can tell you from experience—I've lived in the northeast all my life. In many, many communities—our score of seven—those types of patients have no place to go. We're the only game in town, and we cannot depend on other community support services. We certainly spread our funding and so on in that way because it actually responds to local patient needs. We've been very successful at it.

We continue to refine how we do things in developing additional programs, different programs for a different population. I think of the self-directed funding, patient-managed care program. It's putting the patient and the family in the driver's seat.

We developed, in Ontario, all 14 of us, something called health lines. So in the northeast, it's called North East Health Line. We have 25,000 hits on the health line a month. That means patients, families, are engaged, in the driver's seat and trying to find the other resources that exist with the help of their care coordinators.

M^{me} France Gélinas: Coming back to you, Mr. Sougavinski, I'm at the other end of the RAI-HC score. So we now have a score of 15 in one of the CCACs that triggers a maximum of five hours of PSW care. In the other, that triggers a maximum of 10. Starting with your CCAC, how can you explain the difference?

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Mr. Marc Sougavinski: At 15, somebody will get a certain amount of care, and that also would depend on the other factors that we've mentioned before. You have to assess the family situation, their wishes in the situation, and you will get variations at this point.

It's not like—you have a score. That leads you to a grade where there is a range, if you want, of hours of care possible and a decision-making tree. But within that decision-making tree, there is also variation in terms of the global situation of the person, the resources they have and the possibilities.

M^{me} France Gélinas: So you're saying that at your LHIN, there are no maximums assigned to a level 15? So if your score is 15—

Mr. Marc Sougavinski: There would be a range. There would be a minimum and a maximum, yes.

M^{me} France Gélinas: There would be a minimum and a maximum. Okay. I'll go next to Central.

Ms. Megan Allen-Lamb: In every patient situation, our care coordinators are assessing their individual needs and co-creating, in partnership with the patients and families, a care plan to meet those individual needs. To Marc's point, they don't just look at a RAI score. They look at all of the supports and services available for that patient.

In response to your question, that is a very complex patient when you're talking about a RAI score of 15. Our care coordinators are guided by the regulations around personal support services and would take that into consideration with respect to the other services.

M^{me} France Gélinas: Do you have a maximum that you can give?

Ms. Megan Allen-Lamb: Our care coordinators follow the regulations with regard to personal support. We have very complex patients coming out of hospital, and typically, those very complex patients could get up to the maximum.

M^{me} France Gélinas: The maximum being 90 hours per month?

Ms. Megan Allen-Lamb: That's correct.

M^{me} France Gélinas: Okay. Mr. Joly?

Mr. Richard Joly: I guess there's an advantage of answering the third one, because they've answered the entire question.

I just want to emphasize that it is individual. These are human beings. It's no longer a number for a care coordinator. So they look through that lens and, yes, a score comes out—standardized assessment, which is a wonderful thing. It helps standardization in the province of Ontario. But then it all comes to individual circumstances in the communities.

So I would echo the comments of my colleagues, but just add that there's the human factor that comes into play. That's why these care coordinators are mostly nurses, but they're regulated health care professionals that report to their college, and they take that very seriously.

M^{me} France Gélinas: I have no doubt.

The next part that I'm going to go around is that the regulations state that up to 90 hours of personal support services can be provided to clients per month, but an actual maximum was typically between 56 and 60 hours at all three that she had visited. She goes on to say that

the CCACs claim budgetary constraints as a reason for never reaching the 90-hour maximum.

Did the auditor get it wrong?

Ms. Catherine Brown: I'm Catherine Brown. I'm from the association.

In reviewing the Auditor General's report, and in working with our colleagues across the CCACs—those are regulated maximums that are provided by the province. They're not care guidelines; they are cost guidelines. It's how the government helps to regulate the amount of service that we provide. They recently changed those guidelines for nursing service hours—

The Chair (Mr. Ernie Hardeman): Could we speak a little more into the microphone?

Ms. Catherine Brown: Sorry. They recently changed those guidelines for nursing service hours, recognizing the need for a greater level of service that may be needed for some patients in regard to nursing hours.

Our goal, and the goal of CCACs, is not to target the maximum but to provide the right level of care. We're not looking to hit that number but, rather, our goal is always to stay below it, because that's a requirement under the law, and to make sure that patients get the assessed level of care that they need, which may or may not be 90 hours.

As my colleagues at the CCACs have indicated, those levels of service are typically for very, very high-needs patients, often palliative or extremely complex.

I'll turn it back over to Marc.

Ms. Megan Allen-Lamb: Just with respect to palliative care patients, we can go beyond the 90 hours. We can put in up to 120 hours in exceptional circumstances. Our care coordinators do that without any hesitation.

I want to be very clear, with respect to the findings within the auditor's report, that those are averages. But absolutely, when we have complex patients, especially patients who are choosing to die at home, we support them with the necessary services in those circumstances.

Mr. Richard Joly: It's also using a multidisciplinary team, so the resources that you have are not only looking at personal support, but if we have Telehomecare going in and doing certain things, if we have therapists going in, we looked at that to develop a plan of care. We're not automatically just saying, "Yes, the person scores a 15 and actually gets 90 hours."

The other exercise that we do at our CCAC, going back to your score of seven—that's how we manage to actually provide service to the lower-needs patient so that they don't creep up to a 15 and really keep them stable for the longest time. If we were to simply do the math and say, "A 15? You get 90 hours," I would have to reduce services to the lower-needs patients. We want to make sure that everybody has some care, but customize the care around the patient.

M^{me} France Gélinas: I thank you for your answers and I thank you for your in-depth knowledge of how this system works.

I have a hard time balancing this with the fact that every week or every second week in my office, a family

member will come and just cry their eyes out because they are so burnt out, because they can't take it anymore and because they are not able to get an extra 15 minutes of care that would make the difference. I had never seen grown men cry before I got this job, and now every second week, I have grown men crying in my office. I buy the box of Kleenex at Costco. It's always the same story.

I'm the health critic for my party. They are not only from the northeast; I get it from all over the province. They cry on the phone; they cry when they see me. They want to keep their loved ones at home. They want to do the best for their mom, for their dad. They can't have the support they need in order to do this and they will say, "I'm supposed to be allowed 90 hours a week, but because it is February and the CCAC has no money, I now have one hour a day. I cannot cope with this." It goes on and on and on.

How do you reconcile what I lived through with what you've just shared? We'll start with you.

Mr. Marc Souganvinski: Those are very tough situations, and I don't have a magical wand to solve these situations. I wish I had. But they're real; I understand what you say. We get that, too. We get a lot of people who need more service.

Like any other health organization that exists, we have our own limitations and capacity. We have a maximum capacity. I think if anything, today, we've made it very clear that the complexity and the needs of the clients are exploding, perhaps much faster than we are able to provide that kind of level.

We're not talking about home care like we used to 20 years ago, where somebody needs a bath here or there and a little bit of help. Now, it's a complex business that requires a lot of skills and a lot of hours of care. So we get those complaints.

We also get, in all fairness, a lot of people who tell us they're very happy with the service. You don't see them, I'm sure, because—

M^{me} France Gélinas: No, I do. I do. I'll move on to Ms. Allen-Lamb, please.

Ms. Megan Allen-Lamb: As I hear you speak, your comments are reflective of what our care coordinators feel every day, having very difficult conversations with patients and family members about the services that they have available to support patients in their home.

As we discussed earlier, the demand on home care is increasing exponentially. As we've seen over the past three to five years, the patient that we're serving today is very complex.

What we are quite delighted to see is the supports that are being targeted towards our community support services. Most recently, we know that there has been an enabling reg, so community support services can help our low/moderate-needs patients. Perhaps the deputy or the associate deputy would like to speak about that, because that is helping the CCAC handle the most complex, when we have community support service members in the community who can look at those low- to moderate-needs patients.

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M^{me} France Gélinas: Mr. Joly?

Mr. Richard Joly: I have to tell you that it's heart-breaking, those stories. I hear them, too. Hearing those things—they stick with you and you say, "What can we do more?" It is just those 15 minutes.

I can tell you that we've been at this program of patient-managed care or self-directed funding and essentially putting the patient in the driver's seat. A very concrete example: I have a wife who cares for her husband, a quadriplegic—very complex services. She came to my office on several occasions and said, "I have a solution for you," and it was patient-managed care, which is in the 10-point plan to actually put that patient in the driver's seat.

I saw her not too long ago after she was on our pilot project on self-directed funding, or patient-managed care as we call it. It was night and day. It changed their lives. She says, "Now I can do the things I want, but I actually employ those personal support workers and I let the things that I don't like so much—but you know what? Caring for him at 11 o'clock at night when he wants to go to bed, I don't need a personal support worker who shows up a bit later and so on—I'll do that—but I need help during the day because I work."

That's a solution, that program. I think we need to innovate and continue putting that patient first and putting patients in the driver's seat.

Dr. Bob Bell: Could I just comment on the recognition the ministry has really emphasized by Gail Donner, that when we're talking about home and community care, we're talking about at least two clients. We're talking about the home care patient, and we're also talking about the caregiver, and we recognize the stress of providing care to complex patients. The fact is that colleagues have talked about how patients are more complex today, recognizing, as Health Quality Ontario has talked about recently, one of the important measures that we should have and which we do have is caregiver distress. That's one of the elements of the 10-point plan as a focus on the educational needs.

Nancy, would you like to just comment—if you don't mind?

M^{me} France Gélinas: I don't mind, but I don't want to hear, "We'll review what's going on elsewhere. We will give them a website." I'm not interested in this. I'm interested in the caregiver who will have somebody who gives them respite so they can go to bed or they can get out of the house, so they don't come crying in my office.

Ms. Nancy Naylor: Understandably. I think there are two obvious responses. The CEOs see this every day and, as Megan and others mentioned, care coordinators manage this every day. Part of it is how they assign care relative to the types of patients coming in and the work that we've been describing here around identifying the levels of care, the standardized assessments so that we can inform the types of funding that we want to put in the hands of the CCACs, the home care programs and their care coordinators, so that people and their families know

that when they come in and they're being assessed, they don't have to direct their limited energies to advocacy on behalf of their family, that the care they're being offered, which they may or may not choose to accept—and I think we've heard some good examples about why caregivers might make different choices about accepting care. But they know that they are being offered what their family member is entitled to and what's appropriate under their circumstances.

That work which is at the bedside and is going to be informed by good clinical advice is going to inform our funding models going forward, but it does at some point boil down to resources. I think we do have a good track record of investing. We've seen over a billion dollars go into home care since 2003-04. There has been \$600 million since last year, and I think we're expecting that Minister Hoskins will be directing a substantial part of our community funding this year to home care and the kind of supports that the CEOs are referring to that make the care plans that their coordinator set—

The Chair (Mr. Ernie Hardeman): Excuse me. I think we'll have to stop there. That does include your extra minute. Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you. I just want to continue on the line of questioning Mr. Fraser and Ms. MacLeod started. This is an Auditor General's report, which is about looking at some systemic issues that are in place that need to be addressed. I love the line from the deputy about the purposeful distribution of resources. That's very important because once the resources are distributed to the local CCACs, there's an expectation of them being used as effectively as possible.

When I read about the great variation in the level of follow-ups, when I read that one CCAC didn't really track whether they follow up, when I read about issues with managing the contracts and measuring the performance of the contracts with the service providers that were in place, it leads me to question how much management oversight there was, how much data you were collecting and tracking and, when you got that data, what you were doing with it to boost productivity and efficiency. I think there's an aspect to it which is a ministry aspect but it's a local management issue and I'd be interested in hearing from the three CCACs on this.

Dr. Bob Bell: Could we start off on the data issue as the starting point? Would that be okay?

Mr. Peter Z. Milczyn: Sure.

Dr. Bob Bell: Because certainly the data issue is important and Catherine can perhaps explain that best and then go into the—

Ms. Catherine Brown: As an association, we support the 14 CCACs in a number of ways. One of the differences from a typical association is that we have a shared service data system that we support the CCACs with. It's an electronic patient record that all CCACs use to follow their patients. Their patients' care plans are developed in that electronic system. It's connected across the province. It's the only electronic health record that's consistent across the province.

What that offers us in addition to being able to follow patients and, as Richard described earlier, having e-notification and having others in the health system look at those records and understand where a patient's care plan is when they come into an emergency room or when they go back to primary care or the hospital, is that it also offers us the ability to track a great deal of data.

Many of the functions are consistently applied across CCACs. We measure, obviously, wait times and various other things. We track those and report on those publicly. A lot of the functions are functions that CCACs can select to use and can follow certain data elements depending on their local needs.

More and more, we're using the data system to drive change. We work with our CCAC partners to look at those data changes where there is variation, as you've just described, or where one may not be tracking it in the same way or using a different system to track it. We look at ways to bring a greater consistency to that and, most importantly, to use that data and that information to really apply a consistent approach to patient care.

I want to go back to—

Mr. Peter Z. Milczyn: Excuse me. You're telling me how things should be.

Ms. Catherine Brown: That's how things are.

Mr. Peter Z. Milczyn: I'm not necessarily—in the Auditor General's report, it raises flags as to how that's being done and the variations between different CCACs.

Ms. Catherine Brown: That's correct, and there is greater and greater consistency. The comment from Ms. Gélinas and from others—there has been a great deal of light shone upon home care in the last couple of years and that opens up a number of issues about what is and isn't happening. But the positive of that is that it pushes a change forward.

Home care: As Deputy Bell has described, the funding has not kept up. It has grown exponentially. Our population of clients and patients has more than doubled in 10 years. That's an extraordinary growth and we have kept up and continue to evolve, but we use our system more and more to help CCACs drive those efficiencies and drive those changes. Yes, some of the changes that the auditor highlighted are changes that were brought to our attention at the time and we are working on correcting and/or, as Marc, Megan and Richard have described, we have corrected. We continue to use the data system to evolve how we provide home care. It's critical, absolutely critical.

Mr. Richard Joly: I can tell you from what happens in the northeast. I've been at this for the last 10 years. We work very closely with our service providers to drive that change. We meet with them on a regular basis and we track specific indicators that will drive great outcomes; for example, five-day wait times for nursing—having your nurse within five days—and we target at 95%. It's the same thing for personal support. I can tell by tracking that information with the service provider, showing them the data on a monthly basis and saying, "You're not meeting here. What's happening?" and so on, and then

there's corrective action and continuously working with our folks on the ground, with our service provider. That's what's happening in the northeast.

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Ms. Megan Allen-Lamb: I would just further add to that that the Auditor General noted an area for improvement around audits with our service provider organizations. I can tell you that over the last year at Central CCAC we have conducted 21 scheduled and random audits with our service provider organizations. We work collaboratively with them to ensure that we're all meeting the needs of our patients, but we certainly have a contractual relationship with them. So when we go out and do our audits, we're asking them, "Are you doing what you say you are doing?" I'm pleased to report that we have had 21 visits. It was an area of opportunity noted in the report. We have come through on that.

With respect to Richard's last comment around nursing wait times, over 95% of our patients in Central receive nursing within five days of being assessed. We have lots of successes that have been achieved, not only through our care coordinators, but with our service providers, and we certainly have lots of metrics that demonstrate the performance of our integrated care teams together.

Mr. Peter Z. Milczyn: I guess another issue that came up through this was the definition of a missed visit. It raises some concerns as to how you're defining that and whether the definition masks the actual effectiveness of the services that you're delivering.

Mr. Richard Joly: Maybe I can start: The question of a missed visit versus missed care is something that we're looking at closely. The Auditor General has noted the issue of missed visits versus missed care, what the definition is and so on. We're working at that at a provincial level to define what missed care is. It's like looking at patient outcome. What's more important, a missed visit or missed care? We've come to the conclusion that missed care is important. Sometimes you don't have a daily visit and it's okay to miss the visit on the Monday, but did you go on Tuesday? Therefore, there's not really missed care.

I know from our experience that it's less than 0.5% of the previous definition of missed visits, so 99.5% of the time we didn't miss that visit. Missing one visit is too many, and I'll agree with that, so we strive to have the 100%. But you have to appreciate that in home care, it's not an institution. On any given day in the northeast, there are 16,000 homes that we care for. So we're in those environments.

Just picture a personal support worker in the dead of winter who sees her or his assignment for the day: "I have to see eight patients." They show up at patient three, an end-of-life patient, and the patient has gone for the worse during the night. Now that PSW is compelled to stay with that patient, but then worries about her next five patients. We then have to work with our service providers to now deploy in that snowstorm to go see those five patients. Sometimes it's not doable. It's challenging.

There are many, many other environmental challenges and so on, but the nurses are the same way. They get to an assignment, they're delayed and now they have to reduce their caseload and their visits during a day to another person.

Those nurses and PSWs do this out of passion, out of their heart. They don't want to miss care, they don't want to miss any visits—

Mr. Peter Z. Milczyn: We have limited time, so I'll stop you there.

Mr. Richard Joly: Okay—just like a nurse in a hospital. It's the same thing.

Mr. Peter Z. Milczyn: Because the deputy's here, I just want to make a quick comment. In my riding of Etobicoke-Lakeshore, three LHINs cover a dense urban area and if you live on the wrong side of Islington, you get a completely different level of home care afterwards. There's no logical reason for that. So I'm just making that comment.

Mr. Rinaldi?

Mr. Lou Rinaldi: Thank you very much. Deputy, I want to go back to your initial comments at the opening of the session. You talked somewhat about a Patients First discussion paper that we've worked on since this winter and the consultations that the ministry has had out there. One of the comments you made is that based on the outcome of those discussions, as we transform, I guess, or go to a different approach, that would address some or a good number of the auditor's recommendations. Can you share some insight on how you came up with that statement?

Dr. Bob Bell: To be clear, the changes that we're expecting and that we look at in the discussion document are one element, we think, of improving integration of services in home and community—one element only.

As we heard from Professor Donner, the most important thing is not structural change but functional change within the delivery of home care services—and I think my colleagues would agree—issues related to some of the things we're talking about here: self-directed care, levels of care, standardized contracts; bundled care post-discharge from hospital; introduction of technology to care, and a special focus on the 20% of patients who have palliative care needs within the home care population.

These sorts of things are the real fundamental changes to home care practice that probably have been going on. Those kinds of fundamental changes have been going on in hospital acute care for the last 10 to 15 years. I think it's fair to say that home care is now starting to undergo those same strong, functional changes that were introduced to hospitals when laparoscopic procedures were introduced that allowed people to be treated as outpatients, for example. Those kinds of measurements of outcomes, those kinds of introductions of new technology, are coming to home care today.

The other thing that Minister Hoskins introduced was the sense of integration of home and community services, because we know that the communication—we know that the best-practice sharing between primary care, for

example, and community support services that you've heard discussed here and home care is essential to make the system more navigable for Ontarians. Those are the structural changes that we're talking about that will still emphasize the need to continue these really remarkable, positive changes that my colleagues are delivering in home care today.

Mr. Lou Rinaldi: Chair, have I got more time?

The Chair (Mr. Ernie Hardeman): You have about four and a half minutes.

Mr. Lou Rinaldi: Okay, good.

On the same line of thought about changes through Patients First initiatives that we embarked on, whatever the end goal is, what those changes will be—and hopefully, we'll find out soon—I guess I'm a bit concerned, and maybe you can shed some light, that when we're dealing with folks with issues, and they're already confused and they're under a lot of stress—I want to be clear: I have two CCACs in my riding, and they are different, but I'm not going to dwell on that. I think you've heard enough of that today.

I guess my concern is that a lot of the service you provide—and I want to be fair, because we talk a lot about negative stuff and we don't talk much about positive stuff. You do a great job, and I hear that from folks. You're right: We don't hear as much as maybe we should here, but that's life.

I worry about those folks, that you're providing the right level of service. As we shift to a patient-first process, are we going to make sure that some folks don't fall through the cracks? I guess that's a concern, because change is difficult at the best of times.

Dr. Bob Bell: You're so right, Mr. Rinaldi. Thank you for that question. I think we all recognize that if we're going to change the organization of the system so that home care comes under the integrative leadership of the LHINs, the biggest responsibility for leaders sitting here, myself included, is to ensure, as that transition occurs in each one of the regions of Ontario, that no patient visit is missed because of the change and that no person currently working for the CCACs, should this transition occur, fails to recognize that they have a solid employer in the LHIN and that they know who their manager is.

Those issues related to integration of organizations are well known in health care, but they're also known to be difficult. The rule of thumb is that if communication five times is necessary to ensure that people understand the change and understand they'll be supported by the change—if five times is necessary, we need to communicate 10 times, to make sure it's happening.

So if this change will transpire, we will have a substantial transition team that will include the executives sitting here, as well as large proportions of the Ministry of Health. They will be totally dedicated to that and to ensuring that with each transition that is made, everybody knows what's happening, everyone knows who their manager is, their employer.

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Crucially from the patient perspective, the patients are understanding that it will be their same health service

provider who sees them tomorrow who saw them today. That won't be missed because of this transition occurring. That will be an absolute requirement and commitment that we make.

Mr. Lou Rinaldi: I appreciate that. My last statement's not really a question; I just want to reiterate some of the things we've heard today from all three sides. It's consistency. I mean, normally we're dealing with vulnerable people, of an age where they want to stay in their homes. I have a mother-in-law and a mother who really want to be home. Unfortunately, one of them couldn't be home, but that's another story.

I guess I worry about when we're doing assessments and we're having those discussions with these vulnerable folks who are asking for services—faces don't change. That's the hard part to adjust to, because they just get used to somebody even giving them a bath once a week. They have a routine. Routine, I think, is important for folks that need those services, so whichever way we go, my piece of advice that I have experienced with elderly parents is that consistency is really important.

The Chair (Mr. Ernie Hardeman): Hopefully that question will be answered in the next one, because this one doesn't have time. Ms. MacLeod.

Ms. Lisa MacLeod: I know I cut you off, Ms. Brown, so what I would like to do—I guess we didn't really have time; I'll blame it on the Chair for cutting us both off—is just like to go back to my previous line of questioning and just add an extra point that perhaps you and the deputy could both respond to.

We do have inconsistencies in tracking with respect to follow-up and we have, obviously, a very embarrassing situation at the Champlain LHIN—or we did, and it's being rectified. Secondly, we do have an issue with respect to waste—I think many people acknowledge that—and how we address that province-wide. Third, something that I was concerned about reading in the report was the fact that there is a 90-hours-per-month maximum of care that could be provided. I can't seem to find it on my page, but I believe the auditor has suggested that most people would probably only get a maximum of about 50 hours.

I guess the question that I have after we talk about follow-ups and waste is this: Shouldn't the legislation be changed so that we actually talk about minimum standards of care or minimum levels of care rather than the maximum? If I could have both of your takes on that, that would be appreciated. I just only have one other question and I believe my colleague would want to contribute when she arrives.

Ms. Catherine Brown: Thank you; it's a great question. It is a good suggestion. I'll remind, as I said in my earlier comment, that these aren't care standards. These are guidelines for cost and service delivery that the ministry offers. It's not based on an assessed need. It's based on what should be available. It's a good suggestion of what the minimum level of care would be, but I think the way that we talked about it earlier today—it's in the 10-point plan around a level-of-care framework—would

help people to understand what the expectation should be at any of those levels, and then from there to understand what that minimum would be. It will be a hard and challenging thing to define. The ministry is working on it, as are we in partnership with them.

To the points of my colleagues: The environment in which an individual lives and the supports that they have from their community and their family, as well as what we offer at the CCAC, may vary, and that diagnosis could be exactly the same. So it will be hard to set what that minimum is, as it is to set the maximum. The auditor, in her report, does talk about how the average is around, as you described, 50, which is reasonable in our expectation for that level of service relative to the 90 at the maximum.

Ms. Lisa MacLeod: What about your comments in terms of waste, as well as the follow-up?

Ms. Catherine Brown: On the waste piece and on the follow-up piece, I just wanted to comment that we're looking and do look provincially at how we can better procure and deliver supplies and equipment. One of the pieces on that is that there are not a lot of suppliers who go to the home. In some areas we have depots where clients go and pick things up, which is easier on the waste side because they can then return things, but the difficulty and the cost in going and picking it up—and we are looking at ways to effectively retrieve those supplies, because it is a waste at the local level—and then the cost of retrieving, is also something to consider.

Ms. Lisa MacLeod: I can just imagine at 14 CCACs—

Ms. Catherine Brown: Yes, and 700,000 homes. Yes, it's a challenge.

I did want to say, on the premature discharge, that 25% of people return to care after discharge. We see that as 75% of people do not. For our clients not to return to care is a very, very good sign. That only 25% after discharge—and that could be that someone is stabilized in the home, they are able to have care taken away, they are steady for a period of time, and then there's a fall, an incident or something else, and they're back on care. It's not necessarily that they've been discharged—sometimes it is—but it is not always or necessarily a result of a failure of the system.

Ms. Lisa MacLeod: My concern is, if there is the possibility of premature discharge but you're not following up, then you're not finding that. Putting the onus on the patient—

Ms. Catherine Brown: Yes, I understand.

Ms. Lisa MacLeod: We all do take personal responsibility; I'm not suggesting that we not do that. But I think, in terms of being a health care advocate or an advocate for someone you're caring for, it would be helpful if we were more proactive at the local level.

Ms. Catherine Brown: Right. As we've discussed, there is a provincial approach to look at how we can better and more consistently monitor the follow-ups.

Ms. Lisa MacLeod: Thanks.

Dr. Bob Bell: Perhaps I could speak to the issue of waste. As a cancer surgeon, I used to operate on folks

who had radiation and chemotherapy. A number of my patients used to have wounds that were looked after in home care settings. I was always rather astonished at the differences in wound care protocols that would occur not just across CCACs but within the same CCAC. This is something that's very important for us to address. There is literature, there is evidence, as to the best form of wound care for folks with diabetic foot ulcers, for example, or with various types of surgical wounds. There is evidence that suggests that we could have a standardized Ontario approach. In the work that Nancy referred to, currently being undertaken by the Registered Nurses' Association of Ontario and other groups under the auspices of Health Quality Ontario, we expect we're going to come out with a standard wound care protocol for the province, at least for diabetic folks as a starting point.

Going back to Catherine's comment around provincial procurement, if we have a standard process for wound care, it allows us to do standard procurement as well. Distribution is always a problem. Different areas of the province have different distribution challenges. But if we at least start with a common procurement process for the same stuff, measured and labelled in the same way, that's a huge step forward.

Ms. Lisa MacLeod: Can you keep this committee updated on that as you proceed on that? Because I think that's one of the things that grinds people's gears, out in the community, when they see that there could be less waste.

Just one quick question, because we are splitting our time—and this has been a very informative session. I just want to talk very briefly about PSWs and the wage subsidy. In 2014-15, I believe it was, \$52 million was allocated to CCACs in order to deal with that funding increase for staff wages. The auditor pointed out that the CCACs that she had visited didn't do spot checks or site visits to ensure that that was trickling down. I'm just wondering—I know that both the ministry and the CCACs have responded to this, in order to establish some common provincial audit practice, but there did seem to be some challenges with a lofty goal and then a funding announcement. It didn't seem to roll out exactly the way we all thought, at this assembly. Is it possible for you to provide some clarity on that?

Dr. Bob Bell: I'm going to ask Nancy to respond to that.

Ms. Nancy Naylor: Thank you. We're actually just starting the third year of that funding announcement. In the first year, we put out a \$1.50 wage supplement with statutory benefits. We did the same thing last year, which was year two. This year will be the third year of that commitment, so we're adding a dollar to that.

One of the things that's really positive is we've been following up in two ways. One is to survey what the state of wages is amongst PSWs who deliver home care. What's really encouraging is we see those wages not only tracking at least commensurate to the investment but actually outpacing our investment a little bit. Our explan-

ation is that that type of wage enhancement is helping service providers retain staff so they are, in a sense, climbing the grid that their own employer may be maintaining. We are seeing good progress towards, first of all, the \$16.50 minimum, but also closer to the \$19 top of that range that was defined as eligibility for it.

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There has been quite a significant follow-up in terms of compliance, and this is at the insistence of Minister Hoskins, so we have been following up with the CCACs and with the other providers that have been eligible to make sure that that funding flowed to PSWs. We've also asked for attestations from CEOs, and LHINs are doing spot checks. A very small number of employers are still outside of that initiative—

Ms. Lisa MacLeod: What do you do in that case? I'm sorry to interrupt. It seems as if they're just thumbing their nose at the assembly and thumbing their nose at the ministry.

Ms. Nancy Naylor: Do you know what? Out of several hundred employers, I think we're down to about five or six very small providers, largely in the private school area, who have very specific caseloads. In those cases we have been engaged with them. Last year we asked LHINs not to allocate any new service volumes to employers unless they were fully compliant, and in the third and final year we'll be addressing some of those.

In some cases we have been working with employers who were well above the maximum so it turned out to be, in a sense, a record-keeping issue, that kind of thing. We have had, overall, very good compliance and our sense is that we have gotten substantial wage enhancement investments to the 35,000 PSWs who are supporting the programs that you see represented here today.

Ms. Lisa MacLeod: Thank you.

The Chair (Mr. Ernie Hardeman): Ms. Munro.

Mrs. Julia Munro: How much time do I have?

The Chair (Mr. Ernie Hardeman): You have just a little over six minutes.

Mrs. Julia Munro: Oh, okay.

I want to come back to the issue around home care because it's generally agreed that people, when given the choice, would rather be at home. There are a lot of challenges to having that as well, in particular looking at family obligations and neighbourhoods and really a whole series of complex things before you can walk away and say, "We've got home care there."

I just wanted to get a response from you with regard to how you are viewing the future on the issue around patient care being provided at home and the role of whoever is available to provide that. Generally speaking, the people who are available to provide it are probably elderly and it may be a toss-up between which one of them is going to look after the other one. I see this as an issue for us as the future unfolds and I really want to know what ideas you have on how we are going to cope with that.

Mr. Richard Joly: That's a great question. As we move forward in Ontario with an aging population it will get more complex and so on. You're absolutely right; I

don't think I've ever spoken to a family or a patient that says, "I don't want to go back home." "I want to stay home." That's our goal: to keep them at home.

I can tell you that from a care coordination point of view I think that's the success of home care. They bring all of those aspects and develop a plan of care that is flexible and very customized to that family, in that environment, in that community, to keep them at home. I've spoken to many families and the term they use with me is, "My care coordinator is the 'angel' of home care. I don't see them all the time, but there seems to be something being coordinated all the time on my behalf." They call them their angels for a reason. They come to their rescue when they need it the most in their lives.

I think the linchpin of home care is the care coordinator, and that will continue in the future, and I see that more broadly connected with primary care and connected with others in the system. I think we can just have better results of utilizing the right expert at the right time, whether it's a physician, a nurse or a dietitian, and if that care is integrated around the patient, I think we will see more success in the future.

Mrs. Julia Munro: Okay.

Ms. Catherine Brown: I'll just add to that, if I may. I think the other piece that folks have spoken to today and that you alluded to is the role of the caregiver. We've talked a lot about what we can be doing differently in providing patient care, but the supports to caregivers enable that system to continue. Without caregivers, the system would not exist as it does today. Families want to care for their loved ones. It's not that we rely on them, but rather, they want to be there. Everyone goes into it with an open heart when they begin. When someone says to you, "Your partner is being discharged and here is the care they need," people say, "I'll be there." A year and a half later, when you're not sleeping nights—we need to be mindful of what the needs are of those caregivers in order to enable them to be there for their partners, for their parents, for whomever they are.

The direction of the ministry and the work that we're doing on looking at what other supports can be made available for caregivers to give them that critical respite that they need to continue to be there—there is no place to discharge. To go back to one of Marc's comments at the opening, home care doesn't have another place to send people. It's either back to hospital or on to long-term care, and neither is a good option. The best option is to be able to maintain them at home, and that is entirely reliant on finding ways to better support caregivers as well as deliver the care to patients.

Mrs. Julia Munro: And that's my concern. I appreciate that the system is designed to look after the patient, but the caregiver is a big part—

Ms. Catherine Brown: Huge. Yes.

Mrs. Julia Munro: —of that support network, and obviously there needs to be an understanding of their limitations.

Ms. Catherine Brown: Absolutely. It's part of the assessment that care coordinators do when they're looking at a patient's needs. They also look at who is avail-

able to provide additional care in the home: neighbours, children who are close by or who may be living in the home. When we reassess, we also look at the wear and tear on those caregivers and whether that support is diminishing over time, whether the one who is living with them is getting burnt out and what supports can be offered to them. It's a constant challenge. I think as Megan—well, all three have mentioned that there just isn't enough support out there for caregivers. The ministry has taken that head-on, to look at how they can be offering more supports to caregivers so we have more places to refer them to get that much-needed time.

Mrs. Julia Munro: I think that's a very important element to the whole discussion.

Ms. Megan Allen-Lamb: If I could just add a little bit to that. As you're well aware, in our Central Local Health Integration Network, we have the highest absolute number of seniors and the second-highest growth in seniors aging. As we think of a future home care system, that's very much integrated. We are connected with all 12 of our family health teams. We have two community health centres, as you would be well aware. Working in partnership and in different integrated ways, it will help us in terms of the demand that's on home care as we experience it today and as our care coordinators experience it every hour of the day.

I think you've heard a number of examples where we're using technology across the CCAC, whether that's through e-notification—certainly we're working much differently with family physicians than we ever have before, because we need to in terms of those patients having a seamless experience, whether that's coming home from hospital or receiving a referral from a family physician within the community. I think also what's extremely encouraging is the clinical standards that we've heard the deputy speak to today. We've had clinical standards and protocols that have sat in acute care, but now we're looking at those across the continuum. It's all of those different innovations that the CCACs have been at the table with with their partners and with government that are going to help us in terms of meeting the needs, especially within home and community care.

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes the time. I'm sure there's much more left to be said, but we haven't got time to say it. Thank you all very much for making the presentations this afternoon and helping us out with our deliberations as we review this section of the Auditor General's report.

For the committee, as we clear the room, we will be having our discussion in camera following a small recess.

The committee continued in closed session at 1451.

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Research Services

